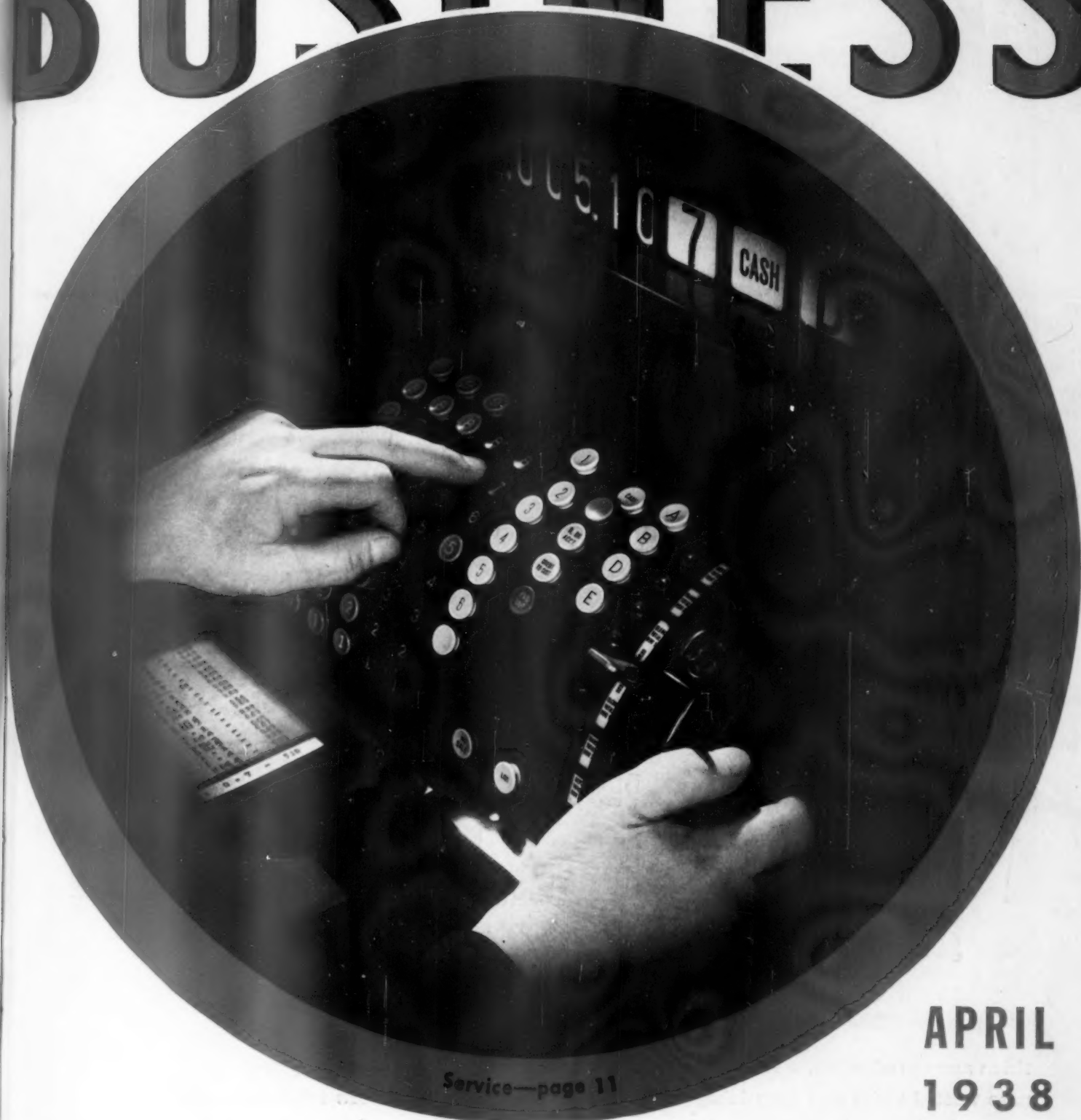


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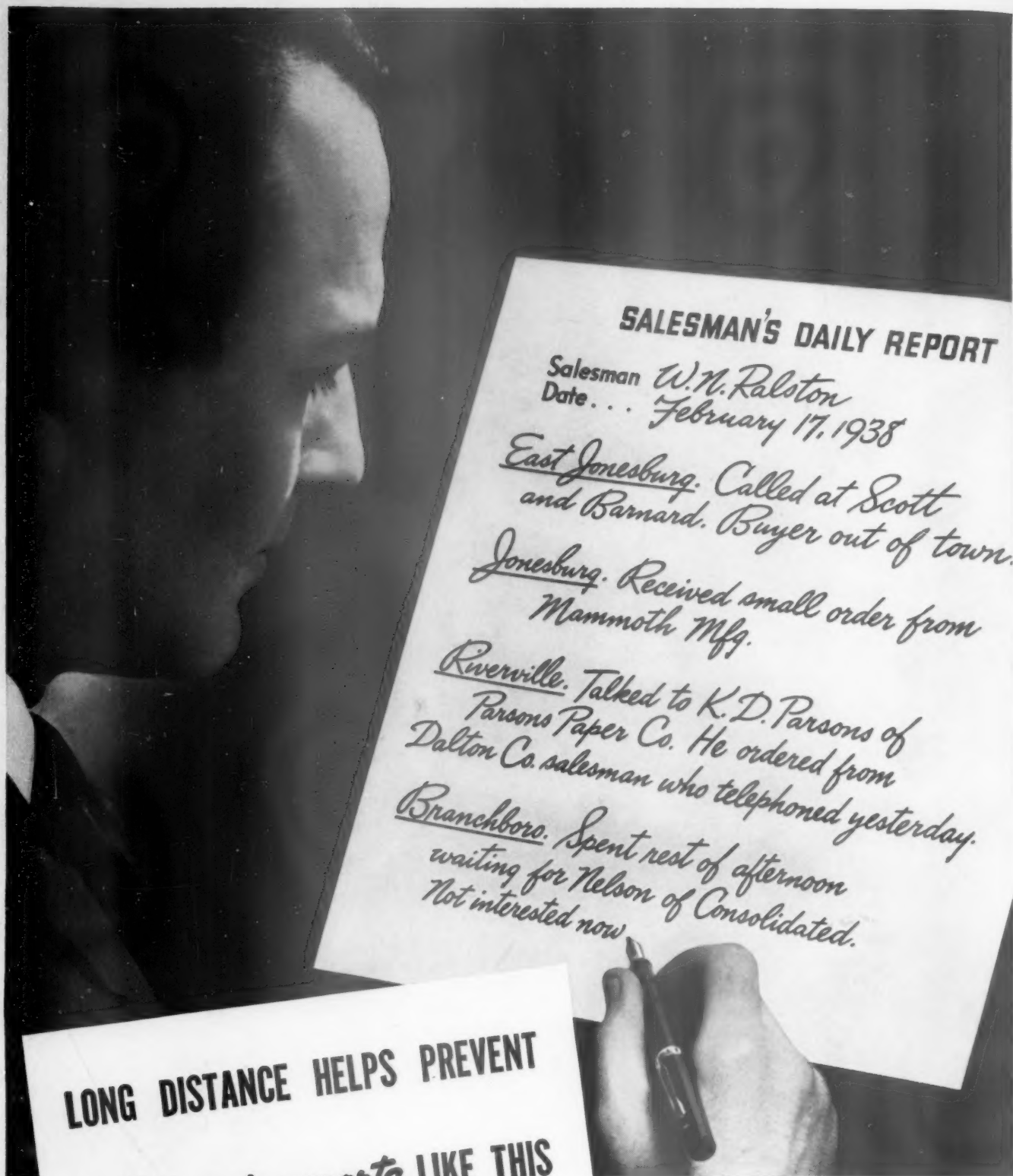
NATION'S BUSINESS



Service—page 11

APRIL
1938

Getting at the Labor Board's Mind • We Can Beat Dictators at Their Own
Game • Your Part in the Next War • Who Owns the National Debt?



SALESMAN'S DAILY REPORT

Salesman *W.N. Ralston*
Date . . . *February 17, 1938*

East Jonesburg. Called at Scott
and Barnard. Buyer out of town.
Jonesburg. Received small order from
Mammoth Mfg.

Riverville. Talked to K.D. Parsons of
Parsons Paper Co. He ordered from
Dalton Co. salesman who telephoned yesterday.

Branchboro. Spent rest of afternoon
waiting for Nelson of Consolidated.
Not interested now.

LONG DISTANCE HELPS PREVENT
salesmen's reports **LIKE THIS**

them more productive. ★ Telephone appointments arranged in advance help to eliminate wasted visits and long lobby-waits. Telephone contacts between trips prevent loss of business, clear up complaints, keep customers friendly. ★ Long Distance is fast, personal—pays dividends on modest monthly investments. Try it and see.

Long Distance telephone
service cuts the time re-
quired to see prospects—
makes time spent with



Continued
Wilson
11-7-39

QUESTIONS our readers are asking:

- 1 • CAN I favor any particular kind of union for my employees without violating the law? . ANSWER ON PAGE 15
- 2 • MAY I discharge an employee for inefficiency under terms of the Labor Act? ON PAGE 106
- 3 • DOES providing free entertainment and recreation for their people enhance the power of Dictators? . . . ON PAGE 18
- 4 • HOW HAS the granting of higher wage levels affected the earning power of coal miners? ON PAGE 25
- 5 • HOW FAR will the Government go in its demands upon my business and my services in event of war? . ON PAGE 27
- 6 • WHAT kind of pictures of my business are most satisfactory for publicity purposes? ON PAGE 30
- 7 • IS THERE any chance for the street car to survive bus competition? ON PAGE 34
- 8 • HOW MUCH of my money, aside from direct taxes, is being used in the Government's spending program? ON PAGE 46
- 9 • HAVE retail buying and farm prices held up during the slump? ON PAGE 52
- 10 • WHAT is the prospect for several new crops of government workers? ON PAGE 58
- 11 • WHAT has really happened to the capital supply in this country? ON PAGE 70

What is Coming in May
Turn to Page 85

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NATION'S BUSINESS • CHAMBER OF COMMERCE OF THE UNITED STATES

VOLUME 26

Merle Thorpe, Editor & Publisher

NUMBER 4

Managing Editor, RAYMOND C. WILLOUGHBY; Business Manager, LAWRENCE F. HURLEY; Director of Advertising, E. V. THOMPSON.

GENERAL OFFICE—Washington, U. S. Chamber Building. BRANCH OFFICES—New York, Graybar Bldg. San Francisco, 433 California Street. Dallas, 1101

Commerce St. Chicago, First National Bank Building. Atlanta, Chamber of Commerce Building. As the official magazine of the Chamber of Commerce of the United States this publication carries authoritative notices and articles in regard to the activities of the Chamber; in all other respects the Chamber cannot be responsible for the contents thereof or for the opinions of writers.

BUSINESS DEPENDS ON MONROE FOR FIGURES



TYPEWRITERS . . Both at the Royal Typewriter factory in Hartford and at headquarters in New York figure work is speeded up with Monroes — both adding-calculators and listing machines.



BATS . . When "Play Ball" is shouted throughout the land, thousands of men and boys will stand up to the plate with a "Louisville Slugger." Hillerich and Bradsby Co., makers of these famous bats, do their figure work the Monroe way.



SILVER . . International Silver Co., one of the earliest Monroe users, are today cutting figure costs in factories and branch offices with Monroe adding-calculators.



COCA-COLA . . When you drop in for "The Pause That Refreshes" give a thought to the figure work entailed in making and selling Coca-Cola. Monroe adding-calculators and listing machines are at work in Atlanta and at various branches throughout the land.

MONROE occupies its dominant position because business has found that Monroe machines produce the greatest volume of accurate figures at the lowest cost—and because Monroe has built up a nation-wide service organization to keep business figures flowing without interruption.

HUSH . . What a hit this Monroe Adding-Calculator (Model MA-6) is making with business! Executives like its speed and economy; operators, its simplicity and easy action—both benefit from its restful quietness.



MORE THAN 150 MONROE-OWNED BRANCHES SERVE AMERICAN BUSINESS

**A MONROE FOR
EVERY FIGURE JOB**

ADDING-CALCULATORS
LISTING MACHINES
BOOKKEEPING MACHINES
CHECK WRITERS
CHECK SIGNERS

MONROE

CALCULATING MACHINE COMPANY, INC.
GENERAL OFFICES • ORANGE, N.J.

Please send me free booklet on Monroe machines.

Name.....

Address.....

IT'S GOOD BUSINESS—

Come on—ride the trails of mighty Mount Rainier, catch your salmon in salty Puget Sound, rest in the biggest forests in America, see Grand Coulee Dam



See Washington State
this summer



YES, it's good business to vacation in the unspoiled State of Washington this summer. See places that take your breath away. Catch the thrill of adventure in this last frontier recreationland. What happens to you here is good business.

It's good for your business to play in sunshine on the high valleys of Mount Rainier, up among the living glaciers. Hike and ride by sky-blue lakes on the trails of Mount Baker. Camp, golf, or fish. Stand in the midst of the biggest job man ever tackled—Grand Coulee Dam. Vision an empire in the making... see business opportunities worth looking into!

The cost of a trip to Washington State is surprisingly low! Send the coupon for a free book containing helpful information.

WASHINGTON STATE PROGRESS COMMISSION
211 State Capitol, Olympia, Washington

Please send me without charge: (1) State of Washington book completely covering vacation opportunities (and costs). (2) Special information on regions checked: Mt. Baker.....; Olympic Peninsula and Pacific Beaches.....; Mt. Rainier.....; Grand Coulee Dam.....; Puget Sound and San Juan Islands.....

Name _____

Address _____

City _____ State _____

Through the EDITOR'S SPECS

Horse and buggy orators

ON WASHINGTON'S Birthday Ambassador Bullitt made a speech in Paris in which he quoted at length from the Farewell Address of the first President. Paris newspapers hailed the speech as epochal but in their enthusiasm overlooked the fact that what seemed to them significant in it were Washington's words, not Mr. Bullitt's. Which should be suggestive to other orators who want to say something meaningful. For instance, the public official cramming for an important forensic effort could do a lot worse than draw on Salmon P. Chase, Lincoln's Secretary of the Treasury and later Chief Justice of the Supreme Court. He would find such timely passages as this to use for his purpose:

The old theory of our fathers is the true theory. Let us have a poor government and a rich people—light taxes and abundant individual enterprise, economical expenditure and steady prosperity, a general government strictly limited to its sphere, and state governments respected and honored because competent and ready to protect the rights and guard the interests of the people.

Watch the skirts and sales curves

"HOW is business?" you ask. We now have a ready answer to this stock question from readers—a formula at once simple, inviting and entertaining. Many lines of trade have been hailed as the true index of general business activity but we have it on the word of Harry Boyd Brown, sales expert, that the surest barometer of the business trend is men's pants and women's skirts. The male raiment for its sales volume, women's skirts for their length. When business grows worse the girls let 'em down longer, says Mr. Brown. Then, when happy days come again, the skirt curve once more approaches the knees. He didn't go into the psychology of this phenomenon, but offered the observation that the present skirt trend is still kneeward.

His rationalization of the other index no married man will dispute. In the average family of four the order of clothes purchasing is daughter first, son second, mother third and,

if anything is left, dad may get a suit or a new pair of breeches. Therefore, when the old man steps out and starts buying for himself it's a sure sign that purchasing power is on the up.

Larger slices and more of them

CONTEMPLATE for a moment the mathematical problem of a mother serving dinner to her family of six. She has one pie, and of course has cut it into six slices. But her children clamor for larger portions. She must explain to them that there is only so much pie to be enjoyed and that, not being a miracle woman, however she slices it she can't make it more in the slicing—that, to have larger portions, would mean no pie at all for some.

Industry, which makes no more pretension to miraculous power than mothers, is urged to pay higher wages to more workmen working shorter hours, with a given amount of business. That is the magic of the misnamed Fair Labor Standards Bill which Congress is now expected to revive. Why it wouldn't work with anything short of a sanction from heaven is explained admirably and convincingly in a pamphlet just published by the Machinery and Allied Products Institute, "The Case for Freedom from Control of Wages and Hours." Those who may have doubted such a simple truth will find therein precisely why higher wage rates, set up by another Washington bureau, can help no one, least of all labor, in the present situation. Write for it!

Washington "business"

SAVING CLIPS AT THE SPIGOT: "Let's stop wasting paper clips," the Farm Credit Administration exhorts its personnel. This earnest response to the growing demand for economy in government started with a "research" into waste baskets which disclosed that "anywhere from three to 17 good paper clips" were being thrown away daily by each employee. An efficiency mind got busy at once, calculated that, if every person saved one clip a day, that would be 4,500 boxes a year, or \$98 a year. We started to compute what percentage that is of the \$4,000,000 budget of the



WITHIN CALL

IN GOOD WEATHER or bad, men of the Coast Guard stand ready to respond to trouble at sea. Just so do engineers of the Hartford Steam Boiler organization stand ready to aid policyholders in power-plant emergencies.

On call, should an emergency arise, is not only the trained inspector stationed in that locality. Back of this man, ready to help, are the chief inspector, and all men and facilities of the branch. Back of the branch is the home organization with its engineering department made up of specialists in each of the various kinds of power equipment.

And back of these is the accumulated fund of experience of all branches, all chief inspectors, all field men—a living record of 71 years' leadership—71 years devoted solely to this kind of insurance. New knowledge, being developed constantly in all departments by hundreds of men, goes to work continually in Hartford-insured plants.

Your agent or broker can tell you further how this organization—industry's choice for half of all boiler and machinery insurance carried in this country—stands on call, ready to serve quickly.



90% of all power boilers are inspected by H.S.B. during construction, and carry this stamp.

**THE HARTFORD STEAM BOILER
INSPECTION AND INSURANCE COMPANY**

HARTFORD, CONNECTICUT

OLDEST IN THE COUNTRY, LARGEST IN THE WORLD, ENGINEERING INSURANCE EXCLUSIVELY

F.C.A. but our slide rule won't register that many decimal points.

GRADED ECONOMISTS: there are now 2,000 economists in the government bureaus at Washington. Twenty-five years ago there were none. The Department of Agriculture has the greatest corps—650 of them, headed by Dr. Mordecai Ezekiel, author of "How to predict the price of hogs by Logarithms." Some 1,200 bear on their shoulders the burdens of social justice. Top government economists rate \$5,600 or more a year, plus statistical and clerical aides. Ranking statisticians are paid the same. From this figure economists and statisticians grade down to \$2,000. Government officials recognize the disparity in ability between men and pay them accordingly, while criticizing private industry for doing the same thing.

OFFICIAL TASTING BUREAU: "beef and pork have distinctive flavor" is the breath-taking discovery of experts in the Department of Agriculture after a blindfold test of flavors in which the judges distinguished between these two meats but were not always successful in telling chicken from rabbit.

Labor reasons why

NOT all labor spokesmen flout natural laws and demand the impossible of employers. In recent months a tendency toward more reasoned, temperate utterance has been evident. An example is *The Labor Record* of New Orleans, which was moved to deplore such "handicaps on labor-employing enterprise" as those twin monstrosities, the undistributed profits and the capital gains taxes.

Equally refreshing was *The United Automobile Worker*, official organ of the U.A.W.A., which Homer Martin edits. Said Editor Martin in a recent issue: "The idea that this slump is ... deliberately fostered by industrialists is just as ridiculous as the statement that there is no slump at all." The U.A.W.A. may still be foggy on its economics in spots but at least its head understands employers well enough to know they are not going to amputate their noses just to have the fun of saying to their faces, "I told you so."

It all indicates that frank discussion between employers and employees is not in vain. Labor is beginning to understand the sources from which high wages come. What helps business helps you!

Governors as consumers

OUT of Lansing, Mich., comes a tale of a governor's shirt. According to

this narrator, Governor Murphy of Michigan had an important social engagement one evening not long ago. He needed a dress shirt overdue from his laundry. An urgent request to the laundry brought the response that it was closed by a strike, closed so tight that no dress shirts or any other laundables could get out past the picket line.

"Tell the Governor to have the National Guard remove these pickets and we will deliver his shirt," was the answer that came over the phone.

Sequel: the National Guard didn't show up, neither did the shirt.

Moral: write your own.

More wants, more selling

GOOD old Socrates stood in the market place in Athens and exclaimed thankfully: "How much there is in the world that I do not want!" Today he could take much more credit for self-denial, when both wants and the goods for their satisfaction are multiplied so many times. Recent advertising research has shown that the modern woman has 1,794 major desires compared with 92 that her grandmother attempted to satisfy. And not infrequently we hear some oracle who rates well with book publishers or who is a wholesale dealer in the spoken word exalt the American standard of living in one breath while in the next he denounces advertising and selling which make that standard possible.

A hint to enterprisers

ENTERING a hospital recently and sniffing its unpleasant antiseptic odor we were reminded that the New York Museum of Science had demonstrated how the fragrance of rotten eggs (hydrogen sulphide, if you want to be scientific) can be neutralized successfully with heliotrope. Maybe the boys have got something there that hospitals could use. Furthermore, it would seem to have rather varied possibilities in business. Surely dealers in hides and pelts should become large consumers of commercial heliotrope. With its use seed stores might stock a line of commercial fertilizers without offending the delicate olfactory sensibilities of urban back-yard farmers. And, since smell is such a close ally of taste, we can picture the new fragrance finding innumerable uses in a variety of food stores and markets.

A frank answer, if not clear

IS IT not a fact that they are having a war over in China, or is it a ping pong game?—Rep. Maverick of Texas.

It is not a question for me to an-



MULTILITH *saves more* because it **DOES MORE!**

TODAY the *NEW* conception of office duplicating is an everyday service in thousands of offices. Multilith is producing a *variety* and *quality* of forms, stationery, communications, reports and selling literature far beyond the natural limitations of other office methods. And it is operated at high speed by regular office employees.

In addition to usual duplicating, such as typewriting, writing and simple sketching, Multilith reproduces photographs and all other classes of illustrations . . . hand-lettered or type text . . . fine horizontal and vertical ruling . . . color work in exact registration.

No other office duplicator does so much or does it so well.

Multilith enables users to produce more of the duplicated material they need, not only at their own convenience but at savings which make it a highly profitable investment. It is doing *more* in quantity . . . *more* in quality . . . *more* in economy!

INVESTIGATE!

Write on business stationery for complete information and portfolio of actual samples of Multilith duplicating. And arrange with nearest **Multigraph Sales Agency** to see a convincing demonstration. Consult telephone books for Agency address.

ADDRESSOGRAPH-MULTIGRAPH CORPORATION, CLEVELAND, OHIO
ADDRESSOGRAPH-MULTIGRAPH OF CANADA, LIMITED, TORONTO
Sales Agencies in Principal Cities Throughout the World

Multilith
TRADE MARK

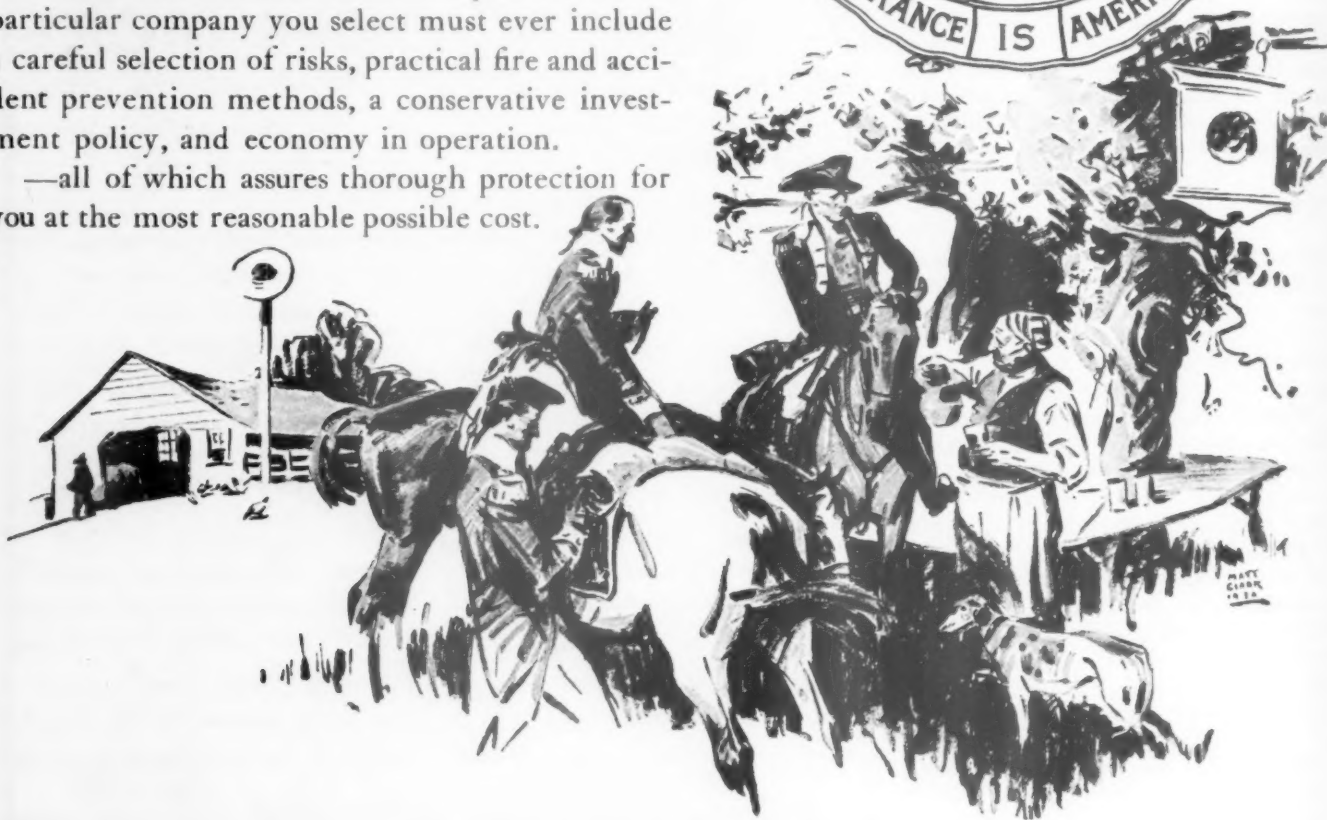
is a development by the makers of Multigraph . . . and Set-O-Type, Compotype and Noiseless Folding Machines . . . used all over the world for more than 35 years.

Identifying A Sound INSURANCE PLAN

The Seal of the American Mutual Alliance symbolizes a group of ably-managed companies with an average age of over forty-nine years who—in addition to giving their policyholders sound protection, intelligent service and a record of prompt payment of losses—have returned, in the last ten years alone, *more than two hundred and eighty-two million dollars* as savings to their policyholders!

It means that the fundamental policies of the particular company you select must ever include a careful selection of risks, practical fire and accident prevention methods, a conservative investment policy, and economy in operation.

—all of which assures thorough protection for you at the most reasonable possible cost.



THE AMERICAN MUTUAL ALLIANCE

919 North Michigan Avenue, Chicago, Illinois

THE NATIONAL ASSOCIATION OF
MUTUAL CASUALTY COMPANIES

THE FEDERATION OF MUTUAL
FIRE INSURANCE COMPANIES

swer or for you to answer. It is a question under the Constitution and the Supreme Court decisions.—Rep. McReynolds, Tennessee, chairman of the Foreign Affairs Committee.

Oil knights and men-at-arms

THOSE who bewail this as an age of softies, dull, prosaic and money grubbing, should look around them with an eye for what in former generations goes by the name of romance. Take oil drilling. Just a lot of slopping around in mud and grime, you say. Not much!

We've just been told by a visitor that oil drillers in the Venezuelan jungle are wearing coats of mail as they work. These "iron jerseys" were donned for the very practical purpose of turning arrows which the savage Motilones Indians had been in the habit of shooting at the intruders. And they do the job. Not one casualty among the petroleum knights and men-at-arms has been reported since the new armor was introduced.

In some of the American oil fields, we learn from the same source, workmen have adopted steel helmets such as those worn by combatant troops in the Great War. These "safety hats" are said to shed such falling missiles as monkey wrenches, rocks and derick timbers that have a way of killing and injuring oil-well hands. And so modern industry as well as war learns from the days when knight-hood was in flower.

Advertising as a teacher

THE enthusiasm with which civic organizations and trade associations have taken up the program for a better understanding of business leaves no doubt that the idea has a powerful appeal. Generally the drive has been carried on cooperatively. However, a good many companies are doing the same thing in their own individual advertising, and not only carrying the story to the masses but attracting much favorable attention to themselves.

This is indicated in the comment already occasioned by the advertisements of the Bank of New York and Trust Company which appeared in the March issue. The bank is devoting a series of advertisements to telling the facts about Big Business, dispelling some of the many fallacies that cluster about that legendary monster, the large corporation.

The old wheeze about mal-distribution of income—always a sure-fire blunderbuss in the hands of the liberal whooper—was analyzed in the first ad. The current one is directed at the popular conception that machines destroy jobs.

Since good will admittedly is first among the assets of any business, and ill will against all business hurts every unit of it, what better use could be made of advertising space—at least in the present situation? We commend the example to others.

More than a pun in this

"IF PRIVATE enterprise does not respond, Government must take up the slack," Representative Eaton of New Jersey recently quoted from the President's message to Congress. "It might be fair to say that if Government will slack up on the 'take,' business will be able to take up the slack," the Congressman added.

Service

PHOTOGRAPHER Gendreau pictures on our cover an incident that is repeated millions of times daily throughout the nation. Somebody has bought goods. It was a comparatively small purchase and yet the greater part of what we call "business" is made up of these little purchases. If these purchases stop, business stops because, in the final analysis, business is merely the exchange that these purchases represent.

Before this small purchase could be made, somebody had to dig a mine; somebody had to build a factory, somebody had to operate a railroad, somebody had to open a shop. Literally thousands of men had to unite their skills, to risk their savings, that the goods which this sale represents might be conveniently at hand when the customer wanted them. Any statute or regulation that makes trading more difficult slows down business.

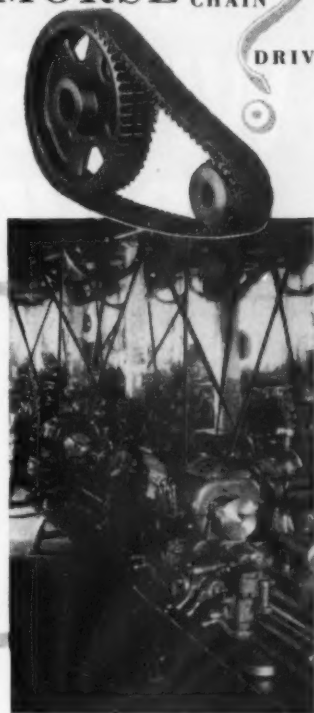
Super-salesman does his stuff

NEXT to bearding a lion in his den would be the feat of inviting the lion into *your* den and taming him. That is just what William N. Branch, Olean, N. Y., general agent for an insurance company did recently. One morning a grim emissary from the internal revenue office descended on this agency, bent on liquidating a portion of the national debt by collecting additional tax tribute. For hours he was closeted alone with Mr. Branch. The other partners in the firm grew nervous, wondering what the bad news might be. When the collector emerged at last, however, it was he who wore a sheepish and subdued mein, while Mr. Branch was smiling and buoyant.

The reason: not only had the revenue's questions been answered satisfactorily, but Mr. Branch had seized opportunity by the forelock and sold his caller an automobile liability and a personal effects floater policy.

Every drive in your
plant should answer
this question—

**"Why not a
MORSE CHAIN
DRIVE?"**



ASK yourself this question, "Am I taking advantage of modern power transmission drives?"

With Morse Positive Drives production levels rise, maintenance costs tumble, repair costs slide, power losses leave the picture.

Morse Drives deliver power with up to 99.4% efficiency, last for years, operate on short centers, allow cleaner, more compact arrangements.

The Morse principle of Teeth, Not Tension makes them the finest modern power drives. Low cost—actually no more than ordinary drives—makes them most economical!

*The TREND IS
TO MORSE
Positive DRIVES*

MORSE CHAIN COMPANY
ITHACA, NEW YORK
Division Borg-Warner Corporation

CASE HISTORY OF A WICKED DRIVE

TYPE: high speed hammer mill drive in plant of Stanard-Tilton Milling Company, Alton, Illinois. In operation 14 hours per day, five days a week. Heavy load, grinding two tons wheat screenings per hour.

PREVIOUS RECORD: a belt-killing drive. Heavy load and high speed (7600 F. P. M.) caused excessive stretch, frequently ripping out fasteners. One belt lasted only a few days. Another broke in half and tore large hole in brick wall opposite, causing considerable damage. Workmen feared to go near mill in operation. *Average belt life three months.*

TREATMENT: thorough analysis of drive's characteristics made by the G. T. M. — Goodyear Technical Man. On his specification a Goodyear COMPASS "40" truly endless belt, 45' long x 20" wide, was applied on December 4, 1933.

RESULT: today, 52 months later — after more than 16 times longer service than previous belts averaged — the Goodyear COMPASS is still in service! During this entire period it has never required a single repair or caused a moment's shutdown and looks to be almost as good now as when first installed!

SUMMARY: a typical example of the saving in repair and replacement costs effected on thousands of heavy duty, high tension drives by Goodyear COMPASS truly endless belts — *the most nearly stretchless belting made.* Why not see the G. T. M. about putting a money-saving Goodyear COMPASS on your belt-eating drives. To bring him to your plant, write Goodyear, Akron, Ohio, or Los Angeles, California — or the nearest Goodyear Mechanical Rubber Goods Distributor.

**BELTS
MOLDED GOODS
HOSE
PACKING**

Made by the makers of
Goodyear Tires



THE GREATEST NAME

IN RUBBER

GOODYEAR



Ask the Dollar in Your Pocket!

A SUBSCRIBER writes sharply:

"You are the editor of the NATION'S BUSINESS and, as such, ought to know something about the nation's business. Tell me why is capital on strike? In an article over your signature (Eight Facts Looking For an Audience, May, 1937) you admit that \$3,000,000,000 each year went into the development of new things from 1900 to 1930 and since then scarcely one-tenth that amount. Have our capitalists a streak of yellow?"

The question is fairly put: Are there dollars in hiding? Sulking? Cowardly? Afraid of their lives? If so, why?

It takes \$8,000 to provide tools and materials to give one man a job in industry. The man with \$8,000, which he has earned, knows how hard it is to corral a dollar. In this respect he is unlike public servants. He knows how difficult it is to persuade a dollar to risk its life in working a year for three or four cents. Dollars are that way in the earner's pocket. Ask one! Hear the answer:

You want me to go to work? What is the job? How risky is it? How long do you want me to work? A new enterprise? The public may not accept the product and I'll lose my life. I'll want more for that job. What are the conditions of employment? Are the workmen who are to use the tools I'll furnish satisfied? Have you the power to negotiate with them? You haven't? A political board? Well, that's bad. What assurance have you as to the item of tax expense? Furthermore, I know I must stand ready to help pay the \$40,000,000,000 debt and the interest on it. Are the national rules written out in black and white on statute books so that we'll know where we are going? Or will a bureau make new rules from day to day? I'd like to work and I'll take chances—I always have—but the conditions must be half-way right. Will our courts protect me against expropriation, against confiscation, against blind resentment if I'm successful?

Ask the dollar in your own pocket!

The thoughtless fail to understand that the dollar represents something. It represents a sacrifice that someone has made, someone who has

consumed a little less than he has produced. It is no more than a certificate of credit to this effect, a due bill, a token of something produced and not consumed. No less an authority than the President of the United States has said that every dollar comes from the sweat of someone's brow. The dollar knows this. The dollar knows how it came into being. It was no twilight sleep. That is why it is cautious. It loves life. It takes as few hazards as possible. It wants to work. Like humans, it has the urge to reproduce itself. When it adventures boldly, again like humans it does so in the hope of reward and acclaim. Where many dollars are found in one man's pocket, there is less caution. The single dollar in a thousand pockets cannot afford to take the larger risks.

Why are dollars less eager than ever before in the United States to put on overalls? Why?

Dollars—and the men who manage them—have heretofore in the United States of America had an incentive to take chances in thousands of industrial undertakings.

Dollars—and the men who manage them—gave us our industrial stride because we permitted them to see far down the road by giving them a government of laws and not, as in other countries, and as we are doing today, a government of men.

Dollars—and the men who manage them—gave us our industrial supremacy because our courts, under the Constitution, through a dozen stormy periods of stress, gave protection from the demagogues and their attack upon success with the accompanying confiscation of income and property.

Straws in the wind indicate that we may bring back incentive to men and dollars by restoring the American practice of written law and by refusing to punish success by tax and other "reform" and "yardstick" measures. In the meantime, the dollars—and the men who manage them—wait.

Muree Thorne

A stylized, high-contrast illustration in white and black. A hand, depicted with a stippled texture, holds a hammer. The hammer is positioned as if about to strike a large, three-dimensional letter 'T'. The background is dark with a stippled pattern. The overall style is reminiscent of mid-20th-century graphic design.

YOUR BEST WEAPONS ARE TOOLS

America's tireless striving to make the nation a good land for the good worker is rooted in its genius for using the most productive tools. Among today's instruments of communication which widen the gainful radius of business activity, the Mimeograph does a towering job. This modern duplicator is easy and simple to use; it operates at matchless speed. Whether the message be written, typed, or drawn, it turns out prints of high fidelity at extremely low cost—by hundreds or thousands as required. Business and education find it a most constructive tool. For particulars of what the Mimeograph can do for you, write A. B. Dick Company, Chicago, or see classified phone book for local address.

MIMEOGRAPH
Trade Mark of A. B. Dick Company, Chicago
Registered in United States Patent Office

Getting at the Labor Board's Mind

By RALPH A. LIND

NO ONE who understands the facts will deny that the regulation of labor disputes is one of the major problems confronting the American people today, and that it will continue to increase in importance.

We made an approach toward solving it through Section 7 (a) of the National Industrial Recovery Act. After that Act was declared invalid, organized labor insistently demanded a law which would define and set up a mechanism for protecting the rights of organization and collective bargaining. The National Labor Relations Act, frequently called the Wagner Act, was the result. Section 7 (a) was the basis for this Act.

Its expressed purpose was to diminish the causes of labor disputes. Opinions differ as to what it has accomplished but all employers are, or should be, interested in knowing how this law is being administered, what obligations and restrictions it places upon them, and what course they should follow to avoid violating it. They also need to understand, to some extent, the attitude of its administrators and labor leaders.

Many employers have made little serious attempt to understand the provisions of the Wagner Act, or the theory upon which it rests. The theory is simple:

It was designed primarily to protect employees' rights to organize and to bargain collectively.

Whether or not it would have worked more satisfactorily if it had provided for a recognition of employers' rights and for protection of employees against coercion from any source is beside the point.

The object here is to explain the situation resulting from the law. The Labor Relations Board, I believe, is trying to administer the law in conformance with the spirit and intent which the members believe to be inherent in it, although, in my opinion,



PHOTOS FOR NATION'S BUSINESS BY LOHR

Chairman J. W. Madden (right) and E. S. Smith, two members of a three-man Board which rules on industry's labor relations

THE author is a former regional director of the Labor Relations Board. His opinions, although based in part on that experience, do not necessarily reflect the Board's present views or constitute legal advice as to appropriate action in any given situation

they would get better results if they sought as much impartiality between employers and employees as seems to be consistent with the expressed purpose of the measure.

Most of the Board's work thus far has centered around the problem of protecting the workers' right to or-

ganize, or perhaps it would be more accurate to say, of preventing unlawful interference with the right of union organizers to enroll members and win recognition.

The law forbids the employer to discriminate in any way against employees who belong to labor organiza-

tions, to discourage them from becoming members, or to favor one organization as against another. He may not decide which of two or more unions may represent his employees. If he makes an agreement with the representatives of a group of his employees, the Board may set it aside if it finds that the Board's right to designate the collective bargaining agency for all of his employees has been violated.

Frowns on company unions

THE members of the Board and its representatives, judging by the record, regard the law as intended to assist labor leaders in forming unions, in enrolling members, and increasing the effectiveness of their power to obtain advantages for their members. The Board seems to look upon independent or company unions with suspicion, and it often shows suspicion regarding the motives of employers.

Labor leaders, although many of them, both A.F. of L. and C.I.O., have violently criticized some of the Board's decisions and acts, consider that the Board usually has a pro-labor attitude. The A.F. of L. leaders suspect that the Board and some of its representatives have C.I.O. leanings, but in a situation such as the Board faces, it is inevitable that it frequently will be criticized.

It should be realized that the effort to organize unions and to obtain recognition naturally results in a militant attitude which usually changes after the organizing effort ends.

Employers will usually find it possible to work fairly satisfactorily with union representatives provided they deal with them in a spirit of fairness. With experience, management and labor representatives usually work out a mutually satisfactory attitude toward each other. It often takes time to reach this stage and, when unions are first formed and recognized, a rather painful period may follow during which both sides find it difficult to adjust themselves. How quickly agreement can be reached depends, of course, upon the character, breadth of view and instinct for fairness of both parties.

Employers fall generally into four classes as to the attitude they take toward the Labor Relations Law:

The first, and probably the smallest group, includes those who feel that, if they make an alliance with a particular labor organization—either a national union or an employee union—they will forestall trouble and be able to deal with people who will be reasonable. The results have not always been as expected.

A second, and larger, group includes those employers who prefer to

fight rather than to surrender their liberty of action and perhaps their principles. This attitude is not always wise from a practical standpoint. I believe there is a better way to get results which are more likely to be fairly satisfactory.

The third and largest group of employers includes those who believe it possible and advisable to deal with their employees in a fair, reasonable and persuasive manner, to preserve mutual respect, good will and efficient operation.

They realize that it is as necessary to sell themselves to their employees as to their customers. They also realize that they are competing with the labor leaders for the confidence of their employees.

A fourth class of employers includes those who pretend to conform to the requirements of the Act while attempting to render it ineffective. This attitude is likely to lead to serious trouble.

Many employers who want to conform to the Act are puzzled as to its requirements. It is my hope to clear up some of these uncertainties by a series of questions and answers. It seems hardly necessary to point out that my answers represent merely my personal opinions and understandings, although I believe that they agree with the general attitude and the rulings of the Labor Relations Board.

There have been, as might have been expected, some apparent incon-

sistencies and some changes of policy indicated by the Board's decisions, so that it is not possible to answer all questions definitely.

Questions and Answers

1. Question: Should an employer take matters involving compliance with the Labor Relations Act to the regional director or to Board headquarters?

Answer: Although the law defines rights of employees only and, therefore, does not authorize an employer to petition the Board or to request a Board decision, there is no reason why an employer who wants to conform to the requirements of the Act should not consult with the Regional Director about his course of action. If he indicates that he is sincerely seeking guidance, he will find the director ready to give him the information he seeks. There is no need to take his problems to the main office.

2. Question: Is an employer required to bargain collectively with the representatives selected by a group or groups of his employees when the Board has designated no bargaining agency?

Answer: No.

3. Question: How can an employer avoid violating the Act when two rival labor organizations seek recognition as bargaining agents for his employees?



Mike Ross, Director of Publications for the Labor Relations Board, who is an ex-newspaper man, formerly a member of the staff of the old New York "World"

Answer: He should indicate his willingness to bargain collectively with whichever agency the Board designates as having the right to represent his employees, calling their attention to the fact that he has no right to make any decision concerning recognition.

4. Question: May an employer enter into an agreement with a union which he believes to represent a majority of his employees when the Board has designated none?

Answer: He may do so, but he cannot be sure that the Board will not subsequently designate a different union in which case the original agreement will become void unless the designated agency accepts it. It is safer to refrain unless he is quite cer-



Charles Fahy, General Counsel, was formerly chief of the Petroleum Administrative Board



David J. Saposs, Chief Economist who has spent much of his life on labor research and writing

tain that no other union is likely to be designated.

5. Question: What procedures may the Board follow in designating employee representatives?

Answer: The Board may either certify the agency claiming recognition, where it is satisfied that it represents a majority of the employees or it may arrange for an election. If the employer does not contest the right of the petitioning union to represent his employees, the first method often is followed.

If two or more unions seek recognition, the usual procedure, where both unions and management agree regarding the eligibility of voters and appropriate unit, is to agree on the

time and place for holding an election, to arrange for a Board representative to supervise it, and to have the employer submit a list of eligible employees. Such elections are always by secret ballot. Assuming that agreement is not possible, the matter must be left to the processes prescribed by the National Labor Relations Act, which will entail the holding of a hearing and a Board order designating appropriate unit, pay rolls, etc.

6. Question: In cases where a majority of employees have voted against being represented by any union or agency, what procedure for collective bargaining may be followed, if any?

Answer: Where employees select

no bargaining representatives, collective bargaining obviously is impossible.

7. Question: What should be the employer's attitude toward the designated union representatives?

Answer: A sincere and friendly attitude is advisable. The cooperation of the union officials is highly important. It is not likely to be obtained if they find the employer antagonistic. Collective bargaining can be made more effective through a strong union. The employer can usually do much, if his attitude is right, to get union representatives to understand the need for good work, discipline and cooperation from the employees.

8. Question: Does the law or the Board require that an agreement reached through collective bargaining shall be in writing?

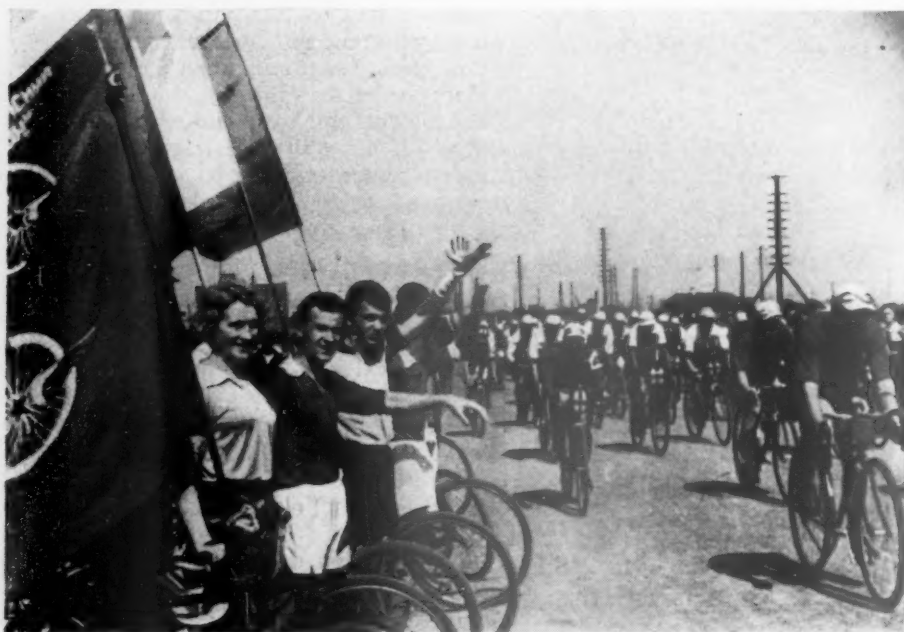
Answer: Many employers have taken the attitude that they are not required to sign a written agreement with the union. I believe that, if you intend to observe an agreement and want your employees to observe it, it is advisable to have it written and signed by you and the union representatives. If this is not done, disputes about what was agreed to are almost certain. Thus far there has been no court decision as to whether a written agreement is required. This question is one of the principal issues
(Continued on page 106)

We Can Beat Dictators at Their C

By GEORGE SYLVESTER VIERECK



Russia, like Germany, encourages "merry gymnastics" in the effort to build a healthier, as well as a contented, populace



Exercise and travel, twin aims of the recreation movement, are combined in the bicycle. Russian youth is healthier than its elders

WE need not imitate their systems of government but the totalitarian countries have some things that we might adapt for our own happiness



ALL PHOTOS BY SOVPHOTO

Playgrounds and parks bring the pleasures of the movement to the youngsters

AUTOCRACY cannot sustain itself unless it gives the mob bread and games. That policy upheld the Caesars but, in the end, bankrupted Rome. In the Middle Ages great lords, while permitting the poor to starve, occasionally scattered gold and entertained the crowd with public executions. This relationship ended disastrously because it did not solve the economic problem of the feudal state.

In more recent times, the French Kings fortified their sway by the splendor that was Versailles: every Frenchman saw his own reflection in the glory of the Sun King, until the drain on his pocketbook



Each summer sportsmen from all over the Soviet Union gather at the mountain camp where they receive training in mountain climbing



The open-air cafe in the Gorky Park of Culture and Rest in Moscow. Former palaces of the nobles have been converted for the people's use



Thousands flock to the beaches in summer. This particular resort is beside the fortress of Peter and Paul in Leningrad

PHOTOS FROM SOVFOTO

of the "low" standards of living prevailing in Germany, Italy and Russia, we forget to include the pleasures, formerly available only to the well-to-do, which Mussolini, Hitler and Stalin now provide for their followers in *kultur parks*, stadiums, playhouses, concert halls, travel and recreation. There may not be an automobile in every garage, but there is a theater ticket for every member of the family. The domestic plumbing may not meet our requirements, but trips to spas, mountain resorts and sea voyages are open to every worker.

"Strength through Joy"

"I AM Youth, I am Joy," shouts Peter Pan in Barrie's immortal drama. Freud, oracle of psychoanalysis, stresses the "pleasure principle" as the basis of most human actions. Nietzsche, the father of the superman, likewise apostrophizes pleasure. The dramatist, the psychologist and the philosopher agree that what man seeks in life is joy. Children, like crowds, are dominated completely by the pleasure principle. All Peter Pans, they run and they fight and they stand on their heads, not for the sake of exercise, but for pleasure.

The shrewd psychologists who guide the dictators apply this principle to athletic training, sports and every form of recreation.

Germany especially, always methodical, systematizes the application of the pleasure principle in sports and in the exploitation of the new leisure (by no means an unmixed blessing) which the machine has bestowed upon mankind. They even have a word for it: *Kraft durch Freude* ("Strength through Joy").

All authoritarian countries make desperate efforts to bring strength and joy to the masses. The masses have no objection to swallowing large doses of ideology with their sports and amusements. Hitler frankly avows:

I want all workers to have vacations; I want them to develop their bodies; I want them to have strong nerves, for only a nation with strong nerves can embark upon bold policies.

The "bold policies" envisaged by dictators may be too great a price to pay even for "Strength through Joy." But it makes the regime popular.

Though only three or four years old, the "Strength through Joy" movement in Germany embraces the entire nation, except the unfortunate one-half of one per cent barred by National Socialism from participation on racial grounds. There is little doubt that the remaining 99½ per cent benefit from the movement. German youth, like Italian and Russian youth, is handsomer, taller and more athletic than its elders. I watched boys and girls, and young men and young women in all three countries, singing, marching, exercising, playing, and I have no doubt that all three achieve in some measure "Strength through Joy."

Nazi Germany, like Soviet Russia, en-

courages dancing and what they call "Merry Gymnastics," and recently Baldur von Schirach, Hitler's Youth Leader, established a new organization for girls between 17 and 21, in which athletics and cultural pursuits are equally emphasized. Even pretty dresses and beauty culture are not neglected!

A delegation from the London Board of Education and the Scottish Education Department, investigating the "Strength through Joy" movement, was greatly impressed with the importance attached to physical training and athletics in the Third Reich. The delegation characterized the "Strength through Joy" movement as "the most agreeable and possibly the most instructive phenomenon of the new regime."

They reported enthusiastically about the establishments to train the most promising boys for leadership (*Fuehrerschulen*). They noted that in universities physical training is regarded as no less important than study. Every student is required to undergo 18 months of training in elementary gymnastics. Call it "militarism" if you please; it certainly raises the standard of public health.

The Hitler Youth Organization (like similar institutions in Russia and Italy) teaches all boys and girls to keep their bodies at the highest pitch of efficiency, joyfully, in rhythm and with song.

The movement is fostered by the Labor Front, the "One Big Union" of employers and employees, which helped to finance it to the tune of many hundred million marks, though its Chief, Dr. Robert Ley, claims that it has now reached a point where it is almost self-supporting.

No strikes to finance

THE income of the Labor Front comes from the pennies of all members. Ley claims that the old labor unions used the dues they collected partly for working men's pensions, partly to finance strikes. There are no strikes and no lockouts under the new regime. National Socialism, he insists, disburses its funds for constructive purposes only. Dr. Ley explains:

The rhythm of the machine must be coordinated with the rhythm of the blood. Man must control the machine; he must not be its slave. Our aim is to create master-men, not proletarians; workers who have divested themselves of their inferiority complexes, who are equally at home in the "gym," on the dance floor, in the art gallery, in the theater, in the concert hall, in the seaside resorts and on shipboard.

One of Dr. Ley's bureaus supervises traveling, hiking and vacationing and provides various facilities for millions of persons. A vacation without a trip, the German feels, is not a vacation. The "Strength-through-Joyers" use every means of locomotion to reach their respective goals. The number of bicycle riders increased in one year from 3,000,000 to 6,000,000. In the same time, hiking—always popular in Germany—increased 130

(Continued on page 66)



Above the roofs of the city, a group of German girls find room for exercise sponsored by the "Strength Through Joy" movement



Special trains permit vacationers to see their own country at little expense, and visit famous resorts in the "off" season



PHOTOS BY EUROPEAN

Dancing, singing, marching, exercising, playing all are part of the program with whole communities joining in the fun

No Crop Control for Documents



Thousands of pages of type are required for printing government bulletins



The final resting place of forgotten speeches is a huge warehouse near the Capitol

THE printing of government documents was once so little that the cost was listed with items such as "firewood" and "miscellaneous." Now the cost is \$20,000,000 a year. The money goes for printing the *Congressional Record*, the bills introduced into Congress, bulletins by the various government branches, committee reports, annual reports of bureaus and franked envelopes.

Although it was already the world's largest print shop, the Government Printing Office has been recently enlarged to handle the increased volume of printed matter. More than 5,500 are now on its pay roll. In addition, large staffs in the government departments turn out thousands of mimeographed and processed publications.

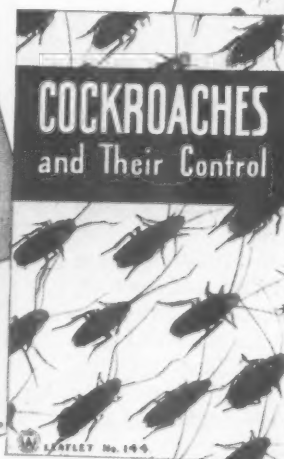
Congressman Taber recently pointed out that the cost of transmitting the government mail under the franking privilege has rapidly increased from about \$9,000,000 a year to \$34,000,000.

But the cost of writing and editing public documents is far greater than the cost of printing and mailing. For every government bulletin there is an author on government pay roll. Much of the material in the *Congressional Record* is researched by government departments. Many of the speeches are written by government press agents. The authors of these tomes may travel extensively—all over the world, in some cases—to get material for their bulletins. The departments welcome these tasks, since it pays in increased appropriations to be helpful to legislators.

The bulletins often roll off the presses at an actual cost of more than a dollar a copy. The author gets copies to mail to his friends, copies are distributed to other authors within the departments, each congressman is allotted a quota, some are given to cooperators, people who write to the Government get copies, a few are sold by the Government Printing Office. Eventually the burdensome surplus is destroyed.



A battery of keyboard operators and proofreaders is on the job night and day



Hundreds of bulletins like these on almost every imaginable subject are printed as governmental literature

If Not the American System—What?

By JAMES HARVEY ROGERS



In the past 75 years most of the civilized world has been drifting toward "State Capitalism"

A TIMELY text may be found in the imported comment, "Your oldest tradition is that you are a young country." Immature as the United States may appear against the centuries of older nationalisms, there is substantial reason to believe that this country can attain no old-age security for its institutions unless it manages to maintain the distinguishing effectiveness of its economic system.

The air is filled with talk about the American economic system—what it is, who are its beneficiaries, whether it can survive current political assaults. How it figures in the economic life of the rest of the world is a question for the most part obscured by the general interest in its domestic significance.

Now it is a fact that the American economic system is the institution above all others in which this country is preeminent in world affairs. Of the economic system of the world, 35 to 40 per cent is in the United States.

Another 25 to 30 per cent is in the British Empire, leaving scarcely one-third for all the rest of the countries put together. Hence the tremendous economic importance, not only to ourselves but to all the world, of what happens in this country and in the British Empire.

How we doubled world wealth

OUR economic system is not unlike those that have prevailed in most of the civilized world until the past few years. Above everything else it is characterized:

1. By giving to all of us a maximum of incentive to produce those things which our people most desire.
2. By assigning rewards according to our success in turning out high quality products at low cost.
3. By encouraging everyone to engage in constructive economic activities so long as he does not in turn interfere with similar actions of others.

Under such a system which has

been with us less than 200 years the world has grown richer than ever before. In fact, the wealth of the world and its productive capacity seem to have more than doubled since 1900.

Nevertheless, it is just at this time when, because of the excellence of our economic system, even the relief workers are in general maintaining a higher standard of living than were the princes in the Middle Ages, that the most serious threat to our whole economic order has appeared. It is this threat that I think should be the primary concern of every American worthy of the blessings of citizenship.

Please do not misunderstand me. I am not opposed to economic reforms. In every economic system in history there have been abuses. In our present system there are grave abuses, and I, for one, should like to see them eliminated.

I go further:

With the ideals underlying almost every one of the New Deal objectives,

I am in accord. My fear is that, in pursuing these ideals, those in charge sometimes fail to pay sufficient attention to what the means used are doing to the very groundwork of our whole economic structure. Let me be explicit.

In the past 75 years most of the civilized world has been gradually but persistently drifting toward what I should call "State Capitalism." In this country the drift has been less rapid than in most others. In a few parts of the world—notably in Germany, Italy, Russia, and to a certain extent, in Japan—we can see it taking extreme forms.

By "State Capitalism" I mean a system under which the economic powers, instead of remaining in the hands of private individuals, pass more and more completely into the hands of the Government. In the so-called Nazi, Fascist, and Communist states, such a system has, to a large extent, been introduced.

In fact, in this respect, Italy, Germany, and Russia are much alike. In all of them the Government is in nearly complete control of most of the economic activities; and it is this aspect of the totalitarian states that, for the long run, is most significant. The personnel of governments comes and goes but the forms of governments themselves change slowly and usually only after much grief. It is entirely conceivable that, within a generation, the mere shifts of personnel may turn

a communist country into a fascist country or *vice versa*.

The important consideration is not what political philosophy or what ideology the present ruling class holds, but rather to what extent the economic power, and hence the livelihood of all the people in those countries, is in the hands of the Government. How these important powers are used will change from time to time depending on what groups of politicians temporarily wield the government power. What these groups will be is, as in other countries, to a large extent, accidental and certainly unforecastable.

How power slips away

THIS much, however, can be said:

Once the Government has to make all the major economic decisions these decisions become so important in the lives of all the people that the demand for a strong government becomes well-nigh irresistible. The head of the state must continually take quick, intelligent and final action. It is no accident, therefore, that political dictatorship seems to follow in the shadow of governmental control over economic life. The slow-moving processes of a democracy are ill-adapted to economic decisions.

As the totalitarian state develops, however, with the press under more and more rigorous governmental control, with the freedom of speech rap-

idly disappearing, and with individual liberties being ever more restricted, the people soon find that they have much less to say about who *rules* and, therefore, about who *manages* the all-important economic controls. Thus, with the make-up of the government and its policies much more important to all of the people than ever before, the selection of the *personnel* of the government passes largely out of their hands.

In the past few years, the gradual world-wide drift toward "State Capitalism" has speeded up tremendously. With the memory of the depression vividly in mind, one does not have to seek far to find the reasons. Economic distress puts much more power behind such a movement.

The chief function of an economic system is to provide a livelihood for the public. If, for any reason, it fails to do this and any large section of the population is left unprovided for, something must be done about it. Under such circumstances the only agency that can do anything about it is the Government. Hence the Government *must* step in.

If anyone doubts the validity of this statement, let him think back to the banking crisis of March, 1933. On the day President Roosevelt was inaugurated for his first term, all the commercial banks of the United States were closed. The drastic credit contraction spreading from bank to bank

(Continued on page 82)

What is the way out of this still mild but potentially dangerous "recession"?



High Wages— But No Jobs

By PERCY C. MADEIRA

PERSISTENT strikes and the belligerent attitude of union officials have kept the pay scale high in the anthracite mines—but customers have been driven to other fuels



A hard coal mine, shut down by strike, still costs 75 cents a ton daily on its normal output



H. ARMSTRONG ROBERTS

At the time of the 1922 strike, 160,000 men were working in the anthracite mines. Today only 96,000 are so employed. They average 190 days work a year

ALL the gold, silver, zinc, lead and aluminum mined in the United States since 1800, with half of the production of copper thrown in for good measure, does not equal the wealth taken from the anthracite fields of Pennsylvania in the same period.

By the end of 1934, this little field of hard coal, covering not more than 500 square miles, had produced fuel to the value of \$11,422,000,000. The country's gold production totals \$4,839,602,000 and its silver output, \$2,549,765,000. The anthracite industry, however, has never produced a really wealthy operator as measured by modern standards, although other mineral ventures have yielded fabulous wealth for individuals and, in spite of the wealth that it has produced, anthracite today is a harassed and stricken industry. In Washington and Harrisburg, and in the mining region as well, all sorts of would-be physicians are prescribing panaceas, and one who cannot concoct some new nostrum for the patient must

be handicapped with a poor imagination indeed.

For 58 years I was connected with the coal business in various capacities. I viewed at first hand the recession that has brought distress to operators, to railroads, to miners and to the anthracite district.

What has happened to this industry that its development has been so out of proportion to the general growth of business, markets and population?

At the time of the 1922 strike, 160,000 men were working in the anthracite mines on a fairly full schedule. Today hardly 96,000 are so employed and they work from 145 to 200 days a year. The average for the industry is less than 190 days annually.

Why are so many men idle all of the time and so many more much of the time? The heart of the answer is simple:

High wage rates! Strikes!

It is true that other causes have con-

tributed but these other causes have been modified and adjusted at least in part. The wage scale, however, has never been touched except to push it up. Since the days of war-peak prices, the anthracite miner, under the leadership of his union officials, has maintained or increased this scale by strike and threat of strike, each one a powerful selling agent for competitive fuels, until today he looks out past the idle collieries to a fuel market that has learned to do without him.

Six raises in seven years

SIX times from April 1, 1916, to September 1, 1923, inclusive, anthracite wage rates were increased and last May 1 the industry went on a seven-hour day, five-day week schedule. This represents a total increase of 94 per cent for the contract or piecework miner (the highest paid group), 154 per cent for the day-rate worker and

240 per cent for the hour-rate worker.

This is not to say that the industry could not have continued to prosper and miners could not have continued to work full time at fair wages negotiated by their labor union. The industry reached its greatest development under an organized labor regime. But mine union leadership for the past 17 years has been so inept and shortsighted that miner and mine operator alike now find themselves in a distressing situation.

The anthracite miners have been organized since 1902, when John Mitchell called the first big strike. From 1902 until 1912 there were no major disturbances. The selling price of coal was advanced only 25 cents a ton when the industry went on a nine-hour day. The Federal Trade Commission assumed some degree of supervision over the industry early in 1917 and a few months later, as a part of the Government's war program, a Fuel Administrator was put in complete control.

By April 1, 1916, the industry had gone on an eight-hour day and three times before the Armistice the wages of all miners were increased by amounts ranging from ten to 33 per cent. These increases were made under the direction of the Fuel Administrator but it was generally understood that they were only for the duration of the war.

In 1919 Frank J. Hayes went out as president of the United Mine Workers of America, and John L. Lewis came

(Continued on page 102)

An early fuel famine resulted in this raid by citizens on a car of coal. Below, Richard F. Grant, representing the operators, and John L. Lewis pose with the miners after an early strike

UNDERWOOD & UNDERWOOD



H. BAROFF

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Your Job in the Next War

An Interview with LOUIS JOHNSON

By HERBERT COREY

IF WAR came would the Govern-
ment take over your plant? Would
you be allowed to make a profit?
Would your workers be con-
scripted? Here are the answers

"NEXT TIME we go to war—" Louis Johnson was speaking. Lieutenant-Colonel in the Infantry Reserve, heavyweight champ in the University of Virginia, now Assistant Secretary of War. His job is to link together the military and industrial forces of the nation. Six feet tall, 210 pounds of hard body, mildly bald, and with a pipe in his hand. There's none of that stuffy air of officialdom around his six-foot-square desk. He shakes hands with a big grip. No over-the-counter eloquence.

"Some day we will go to war—" The evidence points that way. We are not a quarrelsome nation and yet we have had several wars in our history. There is no such thing as a guarantee of peace. Perhaps Theodore Roosevelt had the most effective formula. "Walk softly and carry a big stick." It may be 50 years before we go to war again. The more thoroughly we are prepared, the less is the probability that we will be called on to fight.

"That's why we have few secrets in the War Department," said Colonel Johnson. "We want people to know how strong we are."

American strength is in industry. We have greater available man power than any nation except Russia. But unshod and unbuttoned and ungunned man power is just a nuisance in war. In 1915 William J. Bryan promised that, if the need arose in the United States, "a million men would spring to arms overnight." The event showed that the men were ready to spring but there was no place for them to spring to. Our period of preparation was a yowling disorder.

"It took us 14 months to get into



Louis Johnson's job is to unite the military and industrial forces

production for the World War," said Colonel Johnson. "No one's fault, particularly. Not the fault of any single man, group or faction. Everyone's fault. We had no plan. So we ran around in circles, earnestly, sincerely, everyone trying to help. All the circles bumping into all the other circles.

Now we have a plan

"THIS time we will get into production in six to eight months. There will be some confusion, of course. A nation that never thinks of war between wars cannot reverse itself overnight and think of nothing else without some confusion. But nothing like 1917 because this time we have a plan."

The plan is as simple as the formula for manufacturing automobiles. Raw material goes in one gate of a factory

in heaps and rolls off the assembly line at the other under its own power. It seems complicated to the observer but it is really simple. The idea is that neither time nor energy shall be lost.

"You can waste time and power in peace-time manufacture if you want to," said Colonel Johnson. "If you do you pay for the loss out of your own pocket. In wartime loss of time and power is paid for in lives and millions of dollars. A nation cannot afford such luxuries."

He made one fact clear at the outset: "We are not preparing for war. We are merely getting ready so that if war is forced on us at any time—now or 50 years from now—we can go into action at once. Actions sometimes precede words nowadays. The pace is faster than it used to be. Once-upon-a-time
(Continued on page 76)

National Progress through the American Bu



EWING GALLOWAY

1. Transportation is a rapidly changing phase of the American Scene. Highway planning will be an important subject at Chamber Meeting



UNDERWOOD & UNDERWOOD

2. Outside a Bureau at quitting time in 1927 when there were 58,800 government workers in Washington alone. Now there are 112,000

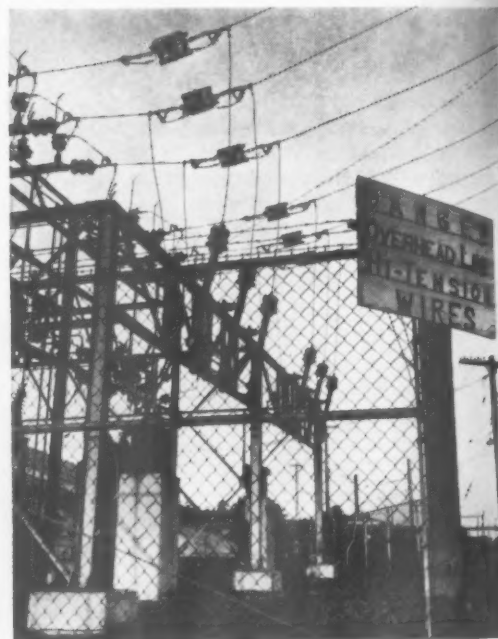


COURTESY THE AUSTIN COMPANY

3. New construction is sorely needed to replace obsolescent plants

MORE THAN 1,100 chambers of commerce, and nearly 500 trade associations identified with the National Chamber, and with a membership of nearly 1,000,000 business men will consider major business problems at the National Chamber's forthcoming annual meeting. These pictures, representative of the American Scene, illustrate a few of the topics that will receive attention.

1. Transportation and Communication. The railroads, aviation, radio, the merchant marine and highways will be studied.
2. Government Reorganization. A plea for reorganization but a warning against centralization of authority will be sounded.
3. Construction. Prospects for construction and small home building will be examined.
4. Government Regulation. Significance of current expansion. How far will it go?
5. Investments. Speakers will point out the need for new investments and tell why industry is handicapped by governmental restrictions.
6. Expanding Business Activity. Industrialists will point out existing handicaps and recommend best methods to keep industry humming.
7. Labor Relations. Will the influence of government on personnel management continue to increase?
8. Distribution. How can producer-distributor relations be most satisfactorily maintained?
9. Agriculture. How can a balance between agriculture and industry be maintained?



4. Utilities are among those industries now feeling the edge of a governmental pruning knife. What will be next?

Business System

ANNUAL MEETING of U. S. Chamber of Commerce in Washington, D. C. from May 2 to 5 will be directed to maintenance of fundamental American principles as the best method for reviving business



WESTINGHOUSE PHOTO

5. When investors fear to invest, industry's heavy machinery slows down



EWING GALLOWAY

6. Business leaders want to keep full lines of busy workers



ACME

7. Labor Board hearings insert new influence in personnel relations



H. ARMSTRONG ROBERTS



H. ARMSTRONG ROBERTS

8. Regulation of competition has been applied to retailing

9. Farm Income is also a subject for regulation



Mills, mines, oil derricks, even the stockyards lure Miss Bourke-White as photographic subjects

HAVE YOU considered using photographs to solve production problems? Other men have tried it with success

FOR some years before I was given my first definite industrial assignment—a series of shots inside a steel mill—I was a free lance photographer. The most familiar word in my lexicon in that period was "*verboden*"—or its equivalents. The sign, "No Cameras," was more commonplace to me then than "keep off the grass."

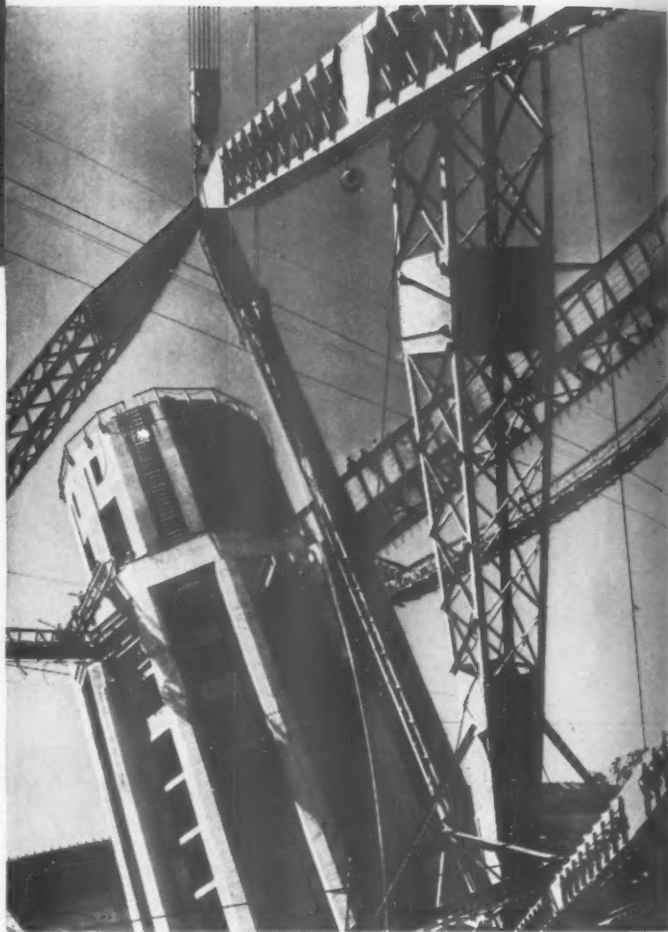
Forbid anything long enough and you make the vice a virtue. To some it becomes a point of pride to circumvent the minions of the law, strait-jacketed by orders from higher up. To others this evasion, thoroughly innocent of any illegal intent, is an economic necessity.

It was economic necessity that sent me into the mud flats of the Cuyahoga River ten years ago to photograph the Cleveland Terminal Tower, then recently completed. City police in the public square and Van Sweringen railway or building guards at all other obvious points of vantage had orders about traffic and permits for cameras. The flats were drab, ugly and far below street level—but unguarded.

In that last of all places, however, I found contrast, or at least the beginning of an understanding of contrast, and on a gigantic scale. This is an essential quality in the making of a great photograph—or any work of art, for that matter. Even Nature does not supply it in such lavish variety of pattern as modern industry. It is what the late Joseph Pennell sought, and found, in his immortal etchings of derricks, dumps and smoke stacks. It is the reason why I like to take pictures of industrial scenes—or at least a major reason.

Contrast lends itself to description graphically more easily than it does with words. Even in its most complex combinations, anyone can understand most photographs. The Terminal Tower picture was basically a simple com-

Your Business a



Even in its most complex combinations, anyone can understand most photographs

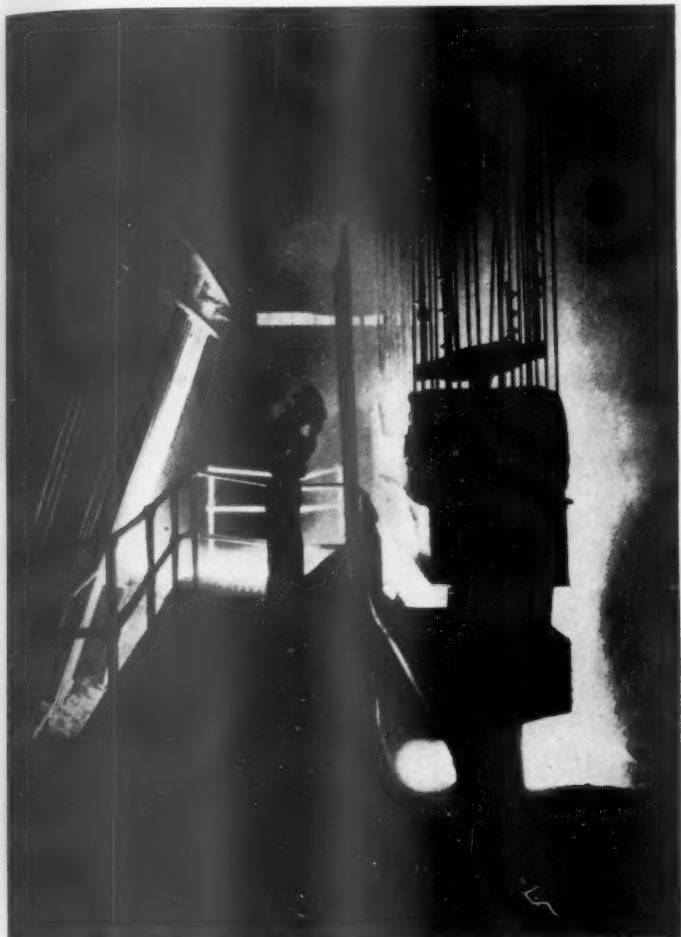
position and, therefore, it is easy to explain it in non-technical terms to illustrate the point I am making. To do this, however, I shall have to tell what went before.

In all previous photographs, cameramen had attempted to show the building as a whole or one aspect of it alone. This might be some architectural detail, its tremendous height, or what some call the beauty of the building. Many of these photographs were technically and artistically first rate and a large number had been bought. The owners and architects, however, were still not satisfied.

In my search for a spot where I should not be molested while I studied the composition under varying light conditions in the ground glass of my camera, I was literally driven to the flats. One day I had been there for more than an hour. I had taken many exposures, but I was completely dissatisfied. The photograph I wanted was not there and I knew it.

s as the Camera Sees It

By MARGARET BOURKE-WHITE
and WILLIAM McGARRY



ALL PHOTOS BY MARGARET BOURKE-WHITE

The assignment was to photograph the romance of steel in the making. The blast furnaces provided the subject, the resulting prints were prize-winners

Then suddenly, as I threw the hood over my head for one more try, an amazing sight appeared. It was nothing more than a small flat boat, dilapidated and sagging in the middle like a tired old cow. On it were two weather-beaten figures, one at each end. Each had a pole. They were shoving the craft to its destination at a pace in keeping with its creaking ribs.

Two obliging mariners

I SNAPPED the shutter as rapidly as my hands could move. When the Ark of Commerce—it may be so-called because it had ferried everything in its time—moved off the lens I dashed to the bank and frantically entreated the men to halt. Obliging they did so. I told them what I was doing, and for another hour they jiggled their craft around in all sorts of poses.

That's how my ship came in! Here, though I didn't analyze it until much later, was contrast. In form. In line. In bulk and lighting and balance. The old and the new. One of the most ancient tools of trade against a majestic modern temple of commerce. I have always been grateful to those two river men whose names I've never known.

Next day I took a selection of the prints to the Van Sweringen executive who had been holding up an expensive catalogue for just the right illustrations. He snapped up four of them and gave me the highest price per print I had ever been paid at that time. A critic of discriminating taste, my masters!

The first industrial assignment came from those pictures. The buyer sent me to a friend representing Otis Steel. E. J. Kulas, president, was demanding photographs out of the ordinary commercial run to advertise the dynamic romance of steel in the making. Though I didn't know then what to



The public likes photos that show the vital force of industry

look for, I found it in and around the blast furnaces. Out of 50 shots, I submitted and sold ten—at a trifle more than three times the price per tower print.

I showed these photos at the annual exhibition of the Cleveland Museum of Art, and many similar exhibits. At several they won prizes. The buyer used them in advertising. He had reproductions made for the offices of his friends. Magazine editors asked for them as covers and to illustrate steel and financial articles.

What the public wants

WHAT followed proved conclusively that the general public is interested in photographs of industry that really portray something of its vital force. It was the thrill of seeking this, far more than the welcome increase in revenue, that turned me toward the mills, the mines, the oil derricks and even the stockyards. It was an urge for self-expression in a medium I had already selected for my life work.

It was a feeling also that I had a specific contribution to make. Some men may laugh at this, coming from a woman. At that time I didn't know the difference between an eccentric and a cog. It isn't necessary for me to know now. What I did know, or sensed, was that business men and their advertising counsel were wrong in trying to portray progress by mere size.

The buyers knew that something was wrong, but they didn't know

what it was. They were being stopped by their own "*verboden*" signs. Undoubtedly there had been a need for these in the days when secrecy was essential because of piratical trade practices. There was an emergency need during the war, cropping up again in smaller scale in time of strikes. But all of this did not alter the fact that industry was not showing what it wanted to show; what, in the long run, it must show—progress.

Nearly all commercial photography as a result was literally awful. This was not the fault of the photographers. They had to live, and they had to shoot what they were told to shoot—"But don't show any of that new cooling tower." The best cameramen accordingly looked for other fields. The only good in-

(Continued on page 96)



The eye is habituated, it sees what it wants to see. The camera sees what is there. Smart executives are now using it to find flaws, not to hide them

Burroughs FANFOLD MACHINE

**A
DISTINCT
ADVANCE
IN
FANFOLD**



**It Does More—
AUTOMATICALLY!**

Carbons Shift Automatically

Carriage Opens Automatically

Completed Forms are Released
Automatically

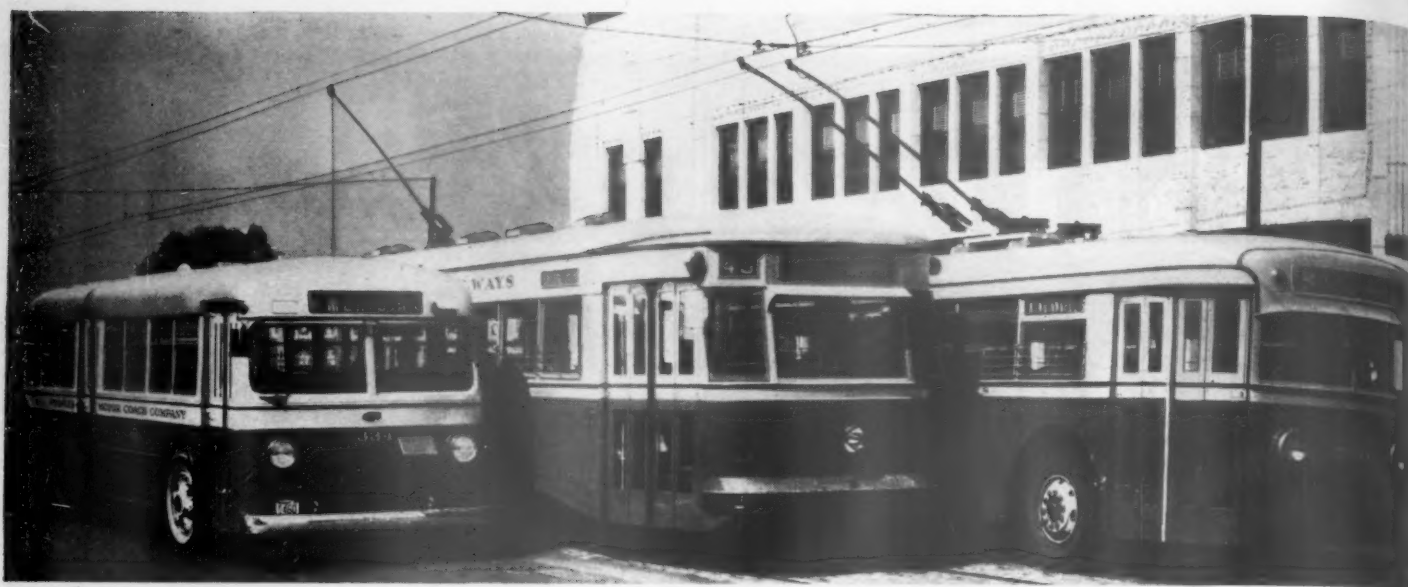
New Forms Lock Into Place
Automatically

Carriage Closes Automatically

Reverse tabulation, carriage
return and spacing-up are con-
trolled electrically by one key!

SEE FOR YOURSELF—Ask for a demonstration
on your own work. Compare it, feature by feature,
with any fanfold machine that you have ever seen.

BURROUGHS ADDING MACHINE COMPANY • DETROIT, MICHIGAN



\$4,000,000 worth of new busses, cars and trackless trolleys replaced old rolling stock

People Will Still Ride Street Cars

By EVAN WALKER

THE Indianapolis transit company demonstrates what courage can do to revitalize an industry that everybody else says is slipping

FIVE years ago the feeling that the transit industry was doomed was general. What the automobile hadn't accomplished, many people thought, in ruining the street car business, the depression had rounded out in a thorough fashion.

In no city did this situation seem more true than in Indianapolis. The street car system was making a desperate struggle to survive. Patronage had fallen off 50 per cent. Rolling stock, because of lack of funds, had been permitted to deteriorate until it was ready for the scrap heap. Track and overhead lines were worn out, schedules were slow and undependable. In fact, the entire system appeared to be dying a slow and inevitable death.

Employees, security holders and the daily riders were apprehensive. The employees were not sure how long their jobs would last, security holders wondered what had happened to their interest, dividends and property. The public was growing tired of being



jarred and jolted downtown each day.

This situation, which was characteristic of many transit companies, seemed unusually anomalous to Indianapolis citizens because the Hoosier capital, just 20 years before, had boasted one of the finest transportation systems in the United States. The city's transit facilities were so outstanding in the period around 1912 that people came from all parts of the country to see them in operation.

Many forces contributed to the desperate condition in which the Indianapolis Street Railway Company, and the transit industry in general, found itself five years ago. The high prices and wages and low fares of the World War era, sudden development of jitney and taxicab competition in the early 1920's and the increasingly widespread use of the family automobile were among the causes which mired the street car business deeper and deeper into obsolescence and ruin. In the early 1930's the depression came along.

But these forces didn't quite succeed in the Hoosier capital because, in 1932, something began to happen

Modernization even extended to signs designed to help and inform the passengers



Fair Weather Ahead for Your Family?

With a Life Insurance Program you have a reasonably accurate forecast of the financial weather for your family. More than that, you help to control the forecast. You can be sure that your family will be better prepared to meet whatever weather they may encounter, if you should die prematurely.

What will they need? Cash to clear up the bills you leave behind. An income to cover the home expenses. Education for the children—high school, at least; college, if possible.

A Life Insurance Program will help you face these responsibilities. Moreover, your Life insurance can help provide for you in later life, when your earning power declines. A regular monthly income will make retirement years "sunshine years" for you and your wife.



Go over the ground with one of our Field-Men. He will show you how an adequate Program can be started. Later, as your earnings increase, this plan can be further developed. Phone our nearest office for a Field-Man, or use the coupon.

• • • •

The Metropolitan issues Life insurance in the usual standard forms, individual and group, in large and small amounts. It also issues annuities and accident and health policies.

The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.

Metropolitan Life Insurance Co., 1 Madison Ave., New York, N. Y.

Without obligation on my part, I would like to have information regarding a Life Insurance Program to meet my needs.

NAME _____ ADDRESS _____

CITY _____ STATE _____ 43-N

METROPOLITAN LIFE INSURANCE COMPANY

FREDERICK H. ECKER, Chairman of the Board

ONE MADISON AVENUE, NEW YORK, N. Y.

LEROY A. LINCOLN, President

Copyright, 1938, by Metropolitan Life Insurance Company

to the Indianapolis transportation system. Someone had heard of the word "modernization," that by spending money you could make money, and a program of rehabilitation was outlined for Indianapolis which would affect every department of the system. Company officials felt that, by aggressive modernization, competition could be met, public confidence regained, and the city could be made transit conscious once again. The program was to take ten years.

Here is what happened.

In 1932, when the depression days were darkest, the security owners of the Indianapolis Street Railway Company decided to reorganize and spend \$9,000,000. Charles W. Chase, who had successfully rehabilitated the Gary Railways was called down to Indianapolis to plan and direct the reorganization and modernization program. He was made president of the new corporation, Indianapolis Railways, and in June, 1932, set to work.

The capitalization of the system was written down, as part of the reorganization plan, from \$19,000,000 to \$8,000,000. As a result, the fixed charges were reduced from \$811,000 to \$390,000 a year. Outstanding current liabilities, which had accumulated over a long period, and other obligations were liquidated through a foreclosure sale. The reorganization was accomplished with the approval of the stockholders and creditors. They were behind the plan and were interested to see what modernization could do.

One of Mr. Chase's initial tasks was to find credit with which to buy new street cars, motor coaches, trackless trolleys, to reconstruct miles of track and to install new overhead wires which the system needed badly. He went to transit equipment manufacturers who agreed, after hearing his proposal for the rehabilitation of the system, to "go along" with Indianapolis Railways. They felt that the pro-

gram had better than an even chance of succeeding and said, in effect, "If Indianapolis Railways succeeds with its modernization, other companies will do the same and our equipment sales will be revived."

\$4,000,000 for equipment

NEW rolling stock began to arrive in Indianapolis immediately. In 1932 Indianapolis Railways placed the largest order for new transit equipment in the United States. New street cars, trackless trolleys and motor coaches were purchased. Before long, orders totalling almost \$4,000,000 had been placed.

Twenty-five new street cars, 30 motor coaches and 15 trackless trolleys arrived in 1932. The next year Indianapolis Railways bought 80 additional trackless trolleys, which was the largest order for 1933. Other additions that year included 65 new street cars, which lacked by only six of being all that were delivered in the United States in 1933.

In 1934, the trackless trolley lines were installed over 108.82 miles. Next year 31 additional motor coaches were bought.

In 1936, the Hoosier capital continued its purchases by buying 57 more trackless trolleys, which placed it first at that time among all United States cities in the size of its trackless trolley

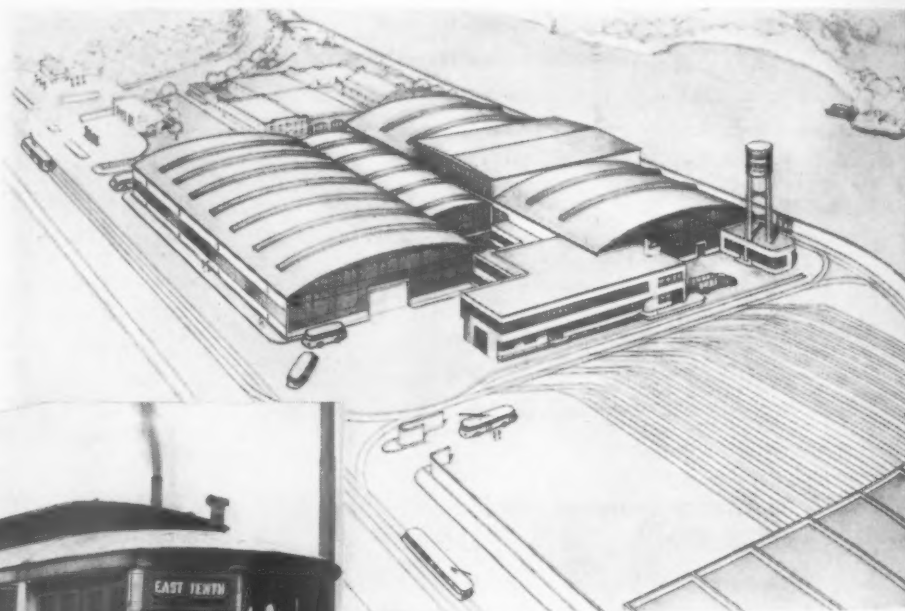
fleet. Twenty new motor coaches were delivered in 1937.

The Indianapolis riding public was immediately enthusiastic about the new equipment, improved schedules, through routing of several lines and the optimism which Mr. Chase and his associates brought to the enterprise. Motorists began to leave their cars at home and ride the trolleys to work each day, housewives began to prefer the convenience of shopping on the trolleys rather than in their own automobiles, and business men began to see the economy of riding the street cars instead of using taxicabs for their calls.

Today there are 27 per cent more daily riders than five years ago. The company is paying off its indebtedness for new equipment from increased earnings. It has been earning one and one-half times its fixed charges. Due to increased efficiency, the operating ratio has been reduced from 82 per cent in 1931 to 67 per cent in 1937. Today there are an average of 212,000 riders, five years ago the average was 166,000 daily riders.

Patrons are happy and enjoy the improved facilities and speedier schedules. Employees are reassured concerning their jobs and have a new morale.

A total of 325 new units of rolling stock has been bought to date. Included (Continued on page 83)



New buildings of modern design, now under construction, will replace three old car barns and increase efficiency



Comfort, quiet and greater speed brought back many who had used their own cars to ride to work



The lady's finger points to an exclusive Comptometer feature—the Controlled-Key. On constant guard, it goes into action the instant an incomplete or fumbled key stroke occurs—will not

permit operator to proceed until the error is corrected. The Controlled-Key functions with equal efficiency on both the Standard Model J and Electrical Model K Comptometers.

COMPTOMETER METHODS make clean sweep of HOOVER FIGURE WORK



Life is easier for this Hoover user

THE HOOVER COMPANY makes world-famous Hoover Electric Cleaners. Mr. Glen Nelson, Office Manager, makes this statement:

"The importance of Comptometer methods in the efficient conduct of our business may be likened to the importance of Hoover Electric Cleaners in efficient house-keeping.

"The Hoover Company owns more than fifty Comptometers which are used by trained operators on such important figure work as sales statistics, cost, payroll, production and general accounting.

"Our experience with the Comptometer dates back twenty years, and we have found that its extreme flexibility, high speed, and unvarying accuracy make it an excellent machine for all-around use.

"The high type of service rendered by the Comptometer organization here at North Canton and at our branch offices is a constant source of satisfaction."

Do your figure-work methods need a "spring housecleaning"? Does figure-work inefficiency cost your company money? Progressive concerns in every industrial field have found that modern Comptometer methods produce final figures faster, with greater economy and accuracy. For a demonstration without obligation, in your offices on your job, telephone your local Comptometer representative. Or write direct to Felt & Tarrant Mfg. Co., 1712 N. Paulina Street, Chicago, Ill.

COMPTOMETER

Reg. U. S. Pat. Off.



This "battery" of Comptometers in the Hoover Company's offices has its counterpart in every field of industry. It is significant that concerns employing the most efficient and modern methods of manufacture and distribution are generally Comptometer users.



THE STANDARD MODEL J COMPTOMETER

No Business Can Escape Change

The search goes on for ways to do new things or better ways of doing the old ones

1 • A NEW tire tread is said to reduce the danger of sliding, skidding, or sluing on wet pavement to a point comparable to dry pavement. It consists of bars set closely at 30° angle and changing direction every few inches.

2 • A SEALER for fibrous materials—paper, textiles, leather—leaves the surface sealed so that one or at most two coats of paints, lacquers, varnishes, etc., are required for a satisfactory covering.

3 • A NOVELTY to keep foods and drinks cold for motor trips, picnics and the like is an insulated bucket-shaped carrier 17" high. Cracked ice is packed in the bottom, food and beverages for six to eight persons in the top on removable shelves.

4 • SPLIT size wine bottles sealed by a vacuum process instead of by corks are said to allow quality wines on moderately priced menus. The bottles hold about two wine glassfuls.

5 • A NEW machine for handling tabulating cards puts new cards in an old file in correct sequence, replaces old record cards with new record cards, pulls out old cards wanted by date, classification number or other grouping.

6 • AN OIL burner working on a new principle is able to burn No. 2, 3, or 4 fuel oil with equal facility. It has compressed air atomization, works at low oil pressure with a larger oil orifice which is less likely to be stopped up. It has positive electric arc ignition with safety controls.

7 • A SPECIAL abrasive for bevelling and edging glass has been developed which cuts fast, leaves a good finish, and breaks down slowly thus giving long life.

8 • SAFETY belts for passenger automobiles, similar to those for airplanes, have been developed to cut down the seriousness of accidents. Tests show that the belts hold passengers in seats during collision, preventing them from being thrown through the windshield or top.

9 • THE unusual thermal characteristics of a new cylinder head for replacement on a popular automobile allow higher compression, and greater efficiency. The head can't be cracked by overheating or freezing.

10 • A NEW undershoe provides a resilient cushion for hard floors, prevents slipping on wet or greasy floors, and provides insulation against cold surfaces. They are made of half-inch rubber fabric strips assembled on edge with straps to fasten them to ordinary shoes.

11 • A NEW electric lifter in heights up to 30 feet and capacities to 10,000 pounds makes storage in high places easier. A special hinge lowers the superstructure so that the lifter can be moved on its own running gear through doors of ordinary height.

12 • A FUNGICIDE promising better control of certain fungous crop diseases, also greater safety to plants, has just been made available for celery, cherries, cucumbers, tomatoes, beans, and ginseng.

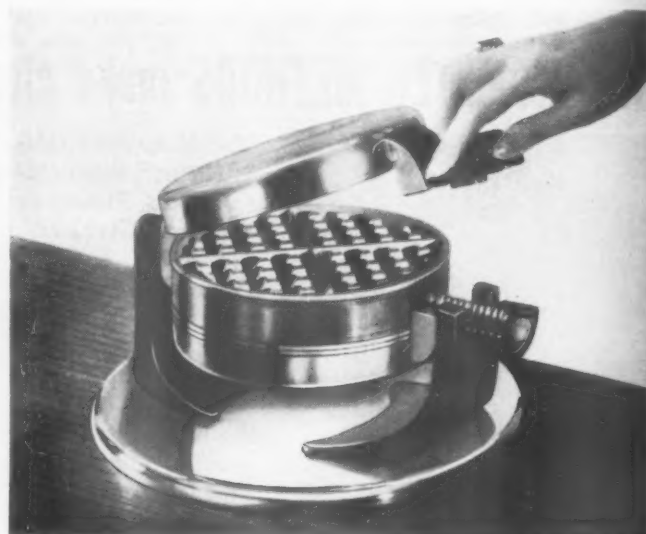
13 • STAINLESS steel is now made in a form that can be installed by any person handy with tools. It's a light gauge that can be cut with heavy scissors and is permanently backed with a soft, water-proof material. It can be nailed, screwed or cemented into place. Available in rolls and four-inch tiles.

14 • ALUMINUM shovels and scoops now made offer light weight for easier work. They are acid-resistant, non-sparking and have a closed back which is easy to clean, making them especially useful for chemicals and food processing.

15 • FOR SCHOOL use there is a combination desk and chair made of metal with a composition material for seats, backs and desk tops. The tops are hard to scratch, yet easily replaceable in a few minutes' time.

16 • BRIDGE cards with five suits are said to give a new interest to an old game; to lessen the difference between experts and amateurs.

17 • A TRACK-LAYING tractor using rubber treads is said to attain a speed of 30 miles an hour. It has a water-tight hull to facilitate fording streams.



18 • Two full seven-inch waffles may be made at the same time on a new electric waffle-iron that takes no extra table space. Turning the handle puts the bottom unit on top for pouring or removing the second waffle.

19 • A SMALL office duplicator, self-feeding and self-ejecting, makes up to 300 copies from one hand-written, typed or drawn original in as many as five colors without type, stencils or gelatine.

20 • A NEW hand-operated pump filter unit provides safe drinking water for boats, trailers, camps. It filters the dirt, then sterilizes with silver ions.

21 • A NEW wrapping paper, designed for moist materials such as meat, is absorbent yet extremely tough when wet.

22 • AN 11-OUNCE safety hat made of corrugated duraluminum offers light weight with safety for workmen. It is made in one shell size. Cradle straps and headbands are quickly interchanged or replaced.

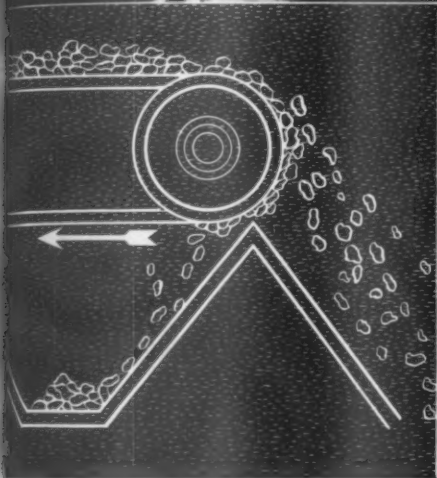
23 • A CONVEYOR belt that's oil-proof has been developed for use with oil-sprayed coal and in other situations where oil cuts rubber. It contains no natural rubber.

24 • A PORTABLE crane for drums weighs only 150 pounds, but, with a chain hoist, handles drums up to half a ton. One workman handles it with drums either flat or held on end.

—WILLARD L. HAMMER

EDITOR'S NOTE—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.

Magnetic Protection



Graphic diagram shows separator operation. As the conveyor belt travels around the pulley, the coal drops off. But iron "sticks" to pulley until the belt, traveling to left, pulls it free whence it drops into recovery box.

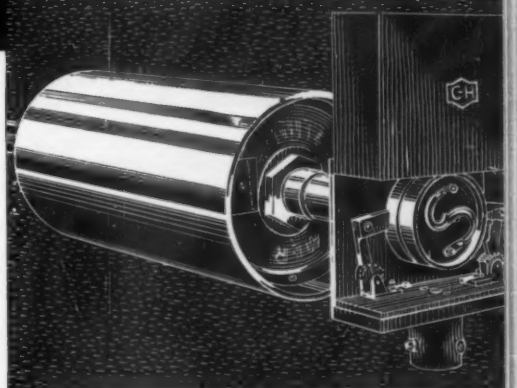
C-H Separators Guard Expensive Material and Equipment Against Breakage and Loss

For many years now, sure protection to costly materials, machines and finished products has been afforded by Cutler-Hammer Magnetic Separators. Designed by the world's leading control specialists, these units positively, unfailingly remove "tramp iron" from coal, from grain, from food products, from sewage and recoverable waste, from a great variety of non-ferrous materials.

And the 29-year record of these separators in service speaks of more than unfailing performance. It points directly at the basic design and says how right that must be.

Right basic design provides not only sufficient magnetic strength to withdraw all tramp iron, but the ruggedness that withstands the most trying conditions year after year. In addition Cutler-Hammer Separator Pulleys require only a small current; they are inexpensive as well to keep up. Ask for the counsel of the nearest Cutler-Hammer specialist. He can give you a profitable solution to this ever present problem. CUTLER-HAMMER, Inc. *Pioneer Manufacturers of Electric Control Apparatus*, 1251 St. Paul Ave., Milwaukee, Wis.

All C-H Separators are provided with dust-proof covers on brushes and slip-rings. They require practically no attention and maintenance as proven through 29 years of experience in thousands of installations.



CUTLER-HAMMER
MAGNETIC SEPARATOR
CH

ANOTHER CUTLER-HAMMER CONTRIBUTION TO THE PROGRESS OF INDUSTRY



M. M. Gilman

Leaders in the March of Business



Col. Robert H. Morse presents cup to T. W. Drennen



Ambrose Swazey and Gano Dunn

WIDE WORLD



H. K. Ferguson at his fishing camp

M. M. GILMAN, vice president, Packard Motor Car Company, who announced a \$100 reduction in all body types of the Packard Six. He said the move was actuated by a desire to stimulate public buying of all products and was in no sense a move to liquidate inventories which are already lower than the normal figure for this time of year.

Gano Dunn, president, J. G. White Engineering Corporation, who was awarded the Edison medal, one of the highest honors in electrical world, for "... the administration of great engineering works and for inspiring leadership in the profession." His company built the steam plant at Muscle Shoals and the first long distance pipe line in California. Mr. Dunn was recently elected a director of R. C. A.

T. W. Drennen, manager of the New York branch of Fairbanks, Morse & Co., receives the president's cup from Col. Robert H. Morse, head of the company, for doing the largest volume of business in 1937.

H. K. Ferguson, whose construction company conducted a six months' investigation to determine the market for industrial building. More than 2,200 questionnaires were mailed and 1,000 answers returned. The returns indicated that \$200,000,000 worth of building is being held up because of "uncertainty over the future of business; the undistributed profits tax; fear of labor troubles."

Raymond Rubicam, chairman, Young & Rubicam, advertising agency, who received the 1937 gold medal for "distinguished service to advertising." In accepting the award he said, "The American publishing world has an admirable record of responsibility without the exercise of any compulsory restraints upon it from any outside source. The same can be said for advertising."



Raymond Rubicam

F. G. COOPER

DEATH BEGINS AT 240° — for TRUCK TIRES



—But Revolutionary New Goodrich Tire Runs Cooler

Most truck tires run hot—sometimes hot enough to boil water, to fry eggs. And the thicker and heavier the tire, the hotter it gets! When the tire runs at a sustained temperature over 240° (and it frequently goes higher) premature failure is bound to be the result.

Goodrich has licked the heat problem—with a new Silvertown that does not run dangerously hot. Goodrich offers a tire built to take those extreme heat-building loads and high speeds. A tougher tire that lasts two and three times longer on the "blow-out runs".

NEW KIND OF CORD

Why does this tire run so much cooler? First, because of a new kind of cord. Pure cotton cord, specially processed to make it more compact, stronger, more elastic.

It's called Hi-Flex. It gives under flexing and, unlike ordinary cord, it then

returns to its original length. It retains its strength under bruising, battering punishment on the highways.

Because Hi-Flex provides strength without bulk, the whole tire is more compact. It runs COOLER. Temperature stays below the danger line.

This Hi-Flex Cord is made in Goodrich's own mills by its own exclusive process. Only Goodrich can give you the combination of these three features which, working together, make the new Goodrich Truck Tire today's best buy:

- 1 **PLYFLEX**—a tough outer ply which distributes stresses throughout the tire and prevents local weakness.
- 2 **PLY-LOCK**—a new method of locking the plies about the beads, anchoring them in place.
- 3 **HI-FLEX CORD**—full-floated in live rubber—cord that retains its strength and protects the tire against getting dangerously hot.

TESTS PROVE CLAIMS

This amazing new Triple Protected tire has been tested on tire-killer runs. Tested where they said no tire could last more than a few thousand miles. But the new

Silvertowns took it on the chin, ran two and three times longer than the best tires used before! Set records which old-time tire men said were almost unbelievable!

NO PREMIUM PRICE

You can now get these same tires for your trucks. Use them on any haul. Save on every mile. They are premium tires but they carry no premium price.

Just call a Goodrich dealer or Goodrich Silvertown Store.



Goodrich *Triple Protected* Silvertowns

SPECIFY THESE NEW SILVERTOWN TIRES FOR TRUCKS AND BUSES

Promoting the General Welfare

HOW the Government is assisting its citizens every day in every way to live fuller and fuller



HARLAN L. SHRADER is a man in a million. He is a man in any number of millions. He is top turkey carver in the world's largest department of government. Shrader not only carves turkey for science; he teaches others to do it. He has "stand-ins" who do it for him when he is indisposed—in the culinary branch of the United States Department of Agriculture.

For more than a quarter century, Shrader trod academic halls. He held a B.S. degree in poultry husbandry. He had seen the Department of Agriculture grow from a small personnel housed in a little red brick building on the Mall in Washington, to an organization of 70,000 scattered all over the world, with headquarters in a massive marble and bronze structure, its wings

stretching from Constitution Avenue south to the shores of the Potomac, its budget for essential services in 1937, \$101,265,690.36; estimated for 1938, \$125,914,100 exclusive of soil conservation and AAA.

Shrader became famous overnight. His picture, as he stands posed behind a steaming turkey, has appeared far and wide in the daily press. News reels bid for his postures, his expoundings of the proper way to carve a turkey. On the day that his prowess was discovered, his quoted remarks received more newspaper space than the bickerings of Congress over farm relief.

It was fair that they should. At a time when other government officials were taking to the radio, or preparing to take to the radio, to abuse their sub-



U. S. DEPT. OF AGRICULTURE

Harlan L. Shrader in action carving one of the turkeys used in government tasting tests

Official tasters are members of the department staff whose qualifications are rigidly tested

jects, Shrader came forward with cheering words of helpfulness:

The tom is easier to carve than the hen; the hen has a round, plump breast that is given to sliding around the plate. Thousands of cartoons have been built around a turkey sliding from under the knife. The breast of the tom is more angular, more stable under the knife. . . . But the flavors!

Ah! No one should know the qualities better than the carver. He should and can know the flavors, the quality—as well as the tasters. He can develop the "feel" of the knife in the flesh; but that is the finer technique.

Shrader knows poultry anatomy. He studied it, first at the Missouri Agricultural College, later under the tutelage of Dr. "Auntie Sam" Pennington of poultry refrigeration fame in the Department of Agriculture. He knows about the breeding and feeding and marketing of poultry. He keeps informed of the results of inbreeding and cross-breeding research at the Department's big experimental poultry farm at Beltsville, Md., and carries the messages to the agricultural colleges all over the land.

It was during a lull in official travel that Shrader's value as a turkey carver became known and appreciated by the



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with heavy equipment. It was tested for riding comfort... tested for passenger reaction.

This car passed every test with flying colors. Because it was approved by the engineers as well as the traveling public, the Santa Fe chose the same construction for its famous *Super Chief*, which went into service in May, 1937. Other orders followed. Now five more exclusively Budd-built trains have been placed in service.

In addition, the Santa Fe is using many individual Budd-built cars in the rest of its new trains. This is significant. It is a practical demonstration of the adaptability of Budd cars. They are interchangeable with

other equipment. In all, 105 Budd-built cars are now in Santa Fe service.

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department officials. They regard Shrader now as something of a find. He carves turkeys as no one ever carved before in the marble halls of agriculture. He is no conventional carver, slicing the bird from stem to stern; he is a cross-hatch carver. He invented the technique himself. His carving is no use in the home, but in the laboratory it is the very thing the officials require.

For ten years, the federal culinary experts had been running tests in which tasters chewed thousands of roasts of beef, pork and lamb. They learned many things of interest to taxpayers. One was that blindfolded tasters could distinguish between beef and pork. They wanted to provide the same sort of service for eaters of chicken and turkey.

No bird carvers

THEY had acceptable carvers of meats, but none of birds. The problem was becoming acute. The chickens to be used in the tests were rapidly growing to slaughter size; the government breeders and feeders were becoming impatient to learn how the birds would cook and taste. Millions of taxpayers were paying for this information. They must have their money's worth.

Finally the officials decided to go ahead with an amateur carver.

The birds were on the table; the young woman who was to carve took up a long bladed knife. Unobserved, Shrader was a spectator, telepathically drawn to the scene by his interest in poultry. He sensed an impasse. He volunteered his aid. He took over the knife and stroked a steel.

About him were the culinary staff. Wielding the knife as a virtuoso does a bow, he had off a leg and thigh. Then he had off a breast. He placed this gently upon a board, carved cross-grain morsels to be carried to an adjoining chamber where sat the chicken tasters. The demonstration was a huge success. Never before had the experts seen anyone carve like Shrader. The nation had been saved!

Shrader was urged to carve more chickens. When turkey time came he was summoned. The turkeys had been specially rationed at the Department's experimental farm. There were ordinary turkeys, long, lean toms and

short, plump hens. There were streamlined turkeys with small bones and big breasts and right keels—the product of governmental effort to midget the turkey to fit into the average household oven. Some had an odor of fish; these had been fed fish meal and cod liver oil.

Shrader again took up the carver's tools. With greater skill than before (he had been perfecting meanwhile his art in his mind), he sliced the birds so that each official taster would get a portion from an identical part of each bird. He ate the turkey oysters himself (the oyster, the juiciest bit of all, is in the little depression by the back bone), or passed them out to the admiring audience.

The early birds were rather fishy.

ture, for flavor of the fat, for flavor of the lean. They passed judgment as to the tenderness of the birds, the quantity of the juice. They sipped the gravy and passed judgment upon that.

For each bird there was a score card. Each judge signed in the appropriate place, and the cards were gathered by an official charged with keeping the findings confidential. In due course, the ratings of all the judges on each bird were tabulated, and turned over to the Department's turkey breeders to be checked against the breeding and feeding records.

Department officials say that some persons are inclined to jest at the turkey tasting experiments. But this, they aver, is because the purpose of the work is not understood. The persons who do the tasting, they explain, are not employed for this purpose; the tasters are drawn from the regular personnel of the Department. They say it is just as hard to find persons having satisfactory taste buds as it is—well, to find a carver like Shrader.

Hunting tasters

RECENTLY, the officials ran an elimination tasting contest. They had discovered after ten years of tasting that the judgment of the tasters was not always reliable. If a man had had a bad night, he had to be alkalized. There were 96 entrants. Of this number, only 14 were found to have a satisfactory taste. Now standards for testing the taste of the tasters have been established.

"A good judge," says the Bureau of Home Economics in a press hand-out entitled "The Proof

of the Pudding," must have enough experience to recognize different qualities of foods when he tastes them. He should have an analytical mind so that he can translate his opinions into the words of the standardized score sheet. His taste standards must be high. And he should be able to duplicate himself—that is, be consistent in his choices from day to day.

The personnel of a taste jury varies with the aim of the experiment. If the aim is to find the better of two methods of making jelly, then judges are persons acquainted with standards of jelly excellence. But the aim may be to determine preferences of consumers for certain types of food where there is no recognized standard of excellence. Then a

(Continued on page 84)

Helpful Citizenship

TO MANY who have pleaded with me for an immediate balancing of the budget, by a sharp curtailment or even elimination of government functions, I have asked the question—"What present expenditures would you reduce or eliminate?"

And the invariable answer has been "that is not my business—I know nothing of the details, but I am sure that it could be done."

That is not what you or I would call helpful citizenship.

—from President Roosevelt's address to Congress January 3, 1938

Only recently they had been taken off the fish meal and cod liver oil diet. The tasters made wry faces. But as the weeks passed and the birds became more palatable their expressions changed. By the end of the experiment, Shrader having carved and the tasters having tasted some 150 birds, literally from fish to fowl, their liking for turkey returned. They attributed their pleasure no more to the culinary skill of the government cooks than to the carving by Shrader.

The turkey tasters sniffed of the birds, and declared their judgment of the aroma of the white and the dark meat. They scored the birds for tex-

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CHARLES DUNN

Who Owns the National Debt?

By ALBERT W. ATWOOD

THE AVERAGE investor will tell you that he owns no government bonds. Actually he has invested in little else for several years

IT IS doubtful if there is any subject about which the average intelligent citizen knows less than the method by which the federal Government has borrowed money in the past few years. Yet no activity affects his well-being more directly than this, since the very integrity of his savings is at stake.

Everyone knows that the Government has spent enormous sums to fight the depression and engage in new activities. The national debt has doubled in six years. It is now half again as great as it was even at the close of the World War.

No other important country has expanded its national debt at anything like such a rate in this period. It is interesting to note that, in this same time, private debts have gone down almost as much as the national debt has risen. The whole tendency has been to pay off private debts and to increase the public debt.

But the curious and significant fact is that the vast sums borrowed have not been obtained by selling government bonds to the American people. It is doubtful, in fact, whether the people, as individuals, own more than \$2,000,000,000 out of the more than \$37,000,000,000 of bonds outstanding.

Even of the \$2,000,000,000 which the people own, about half consists of Savings Bonds, which have been sold in small denominations through the post offices. Except for the sale of these Savings Bonds there have been no campaigns to enlist the participation of the people, no great drives such as were found necessary in the war days.

The ordinary private investor, if you ask him, will tell you that he owns no government bonds. He is not interested in them, he knows practically nothing about their sale, and he is quite indifferent to the methods by which they have been sold. Compare this with the Fourth Liberty Loan drive, in the war, when 22,800,000 separate subscriptions were received and tremendous enthusiasm engendered.

If this be so and if the people have taken so little interest in government financing, how does it come about that your welfare and mine, that the very integrity of our savings, is irreparably tied up with the Government's borrowing? The answer is that, although the private investor has

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not bought government bonds directly, his money has been put into them without consulting him.

In fact, speaking broadly but with substantial accuracy, he has invested in little else for the past six or seven years. The institutions where he places and keeps his money have put it into government bonds, a fact which has been passed over with an absolute minimum of comment or advertisement.

The banks own half

NEARLY everyone who has any money at all, rich or poor, places or invests it, temporarily or permanently, in banks. But the banks of the country have turned around and invested nearly 35 per cent of all their deposits, both demand and time, in government bonds. The banks as a whole own half the national debt, and one of the most important groups of banks, the insured commercial banks, own government bonds exceeding their capital stock four and a half times. One bank alone has more than \$600,000,000 in Governments.

In recent years the people have put more and more of their savings into life insurance policies and annuities. But the life insurance companies have in turn invested an increasing percentage of their funds in government bonds. Today they have close to \$4,500,000,000 in Governments, and this one type of investment accounts for 18.2 per cent of their assets, whereas in 1932 it amounted to only 2.2 per cent.

The banks and life insurance companies alone hold 60 per cent of the national debt, and the increase in their holdings since the depression began almost equals the increase in the debt itself. Another 16 per cent is owned by universities, colleges, endowments, foundations and trusts of all kinds. The remainder is held by fire and casualty insurance companies, corporations other than banks and insurance companies, and by the Government itself.

The Government holds approximately \$4,000,000,000 of its own bonds, in 27 different investment or trust accounts. In fact it has bought as many as \$200,000,000 of these bonds

in the market for its trust accounts in a period of six months. Most of the accounts are relatively small, but the Postal Savings and Unemployment and Old Age Reserve accounts are very large.

The average citizen cannot avoid being involved. If he puts money in a bank or life insurance company, or leaves it in trust to his children, or gives it to his favorite college or hospital, it goes largely into government bonds. Even if he buys stock in an industrial company, the directors may put a considerable part of the quick assets into Governments.

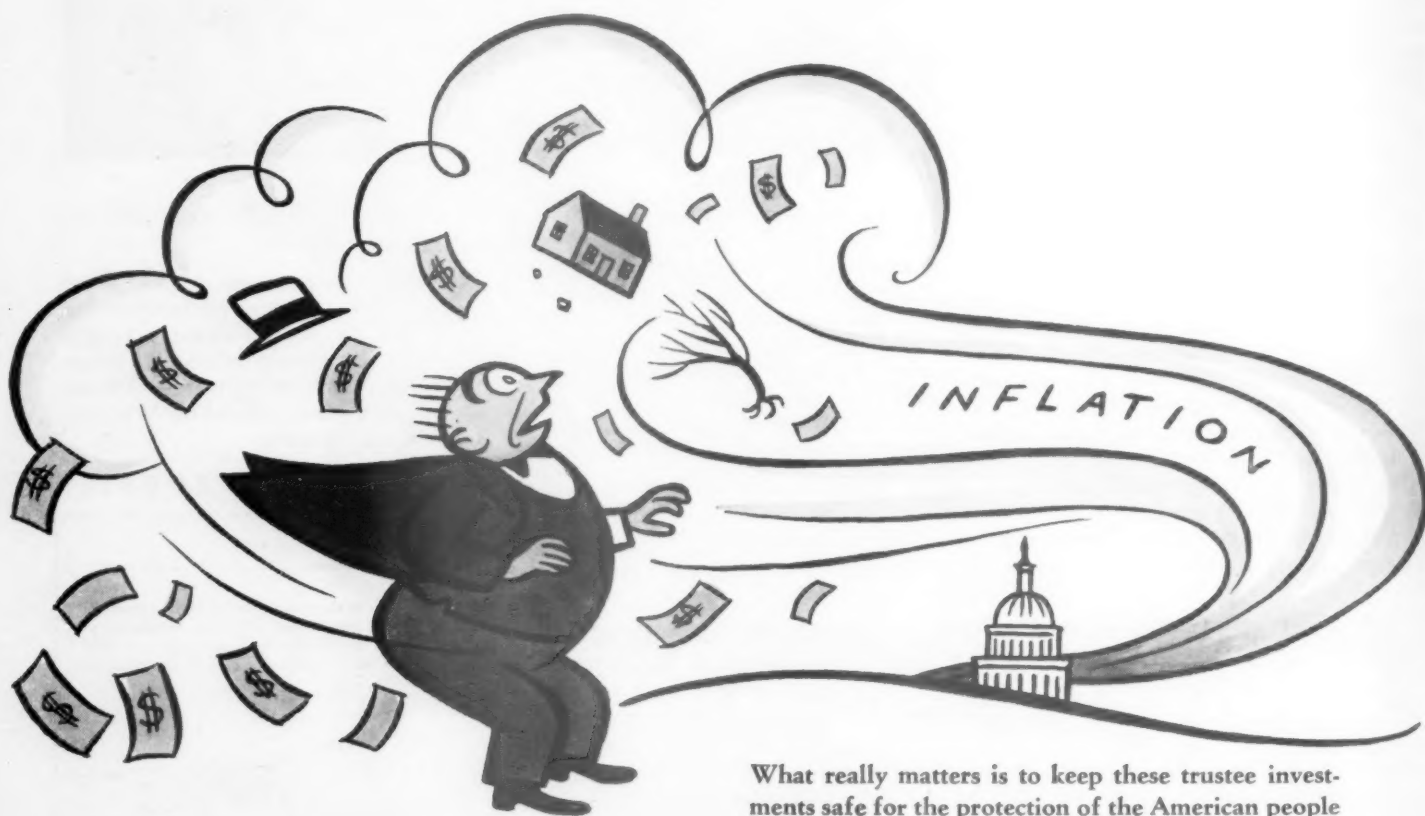
On the other hand when a poor foreigner puts his money into Postal Savings or a veteran pays premiums on his government insurance, this money also goes into the national debt. Finally the millions of employers and the 25,000,000 employees who are forced to turn their old age pay roll taxes into the Treasury are also investing in government bonds, because that is where the pay roll taxes go.

Thus practically everybody is tied in inextricably with the soundness of the national debt. The banking, insurance, savings, trustee, welfare and educational systems of the country are deeply and irreparably involved. Would it not be far safer and better to have the debt owned by individuals rather than by fiduciary and protective institutions?

Why borrow from institutions?

THE subject is at once delicate and complex. But there is no reason why plain speaking should be wholly taboo. Of course, there are plenty of explanations as to why the Government has borrowed from institutions rather than from private investors. But the explanations leave much to be desired. Let us see, however, what they are:

In the first place, the war period and the depression have been very different. In 1917 and 1918 the banks were filled up with commercial loans and could not buy large amounts of bonds. The Government had to put on big popular campaigns and pay a high rate of interest to induce private investors to purchase. The money could not be had from banks because it was otherwise employed. But, during the



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depression, commercial loans have been scarce and the banks have been glad to buy government bonds, even at low rates of interest. In addition, the proportion of savings and time deposits in the banks has increased, so that it has been necessary for the banks to find relatively long term investments. Government bonds filled this need.

In the same way the life insurance companies have lacked the usual supply of new securities at the very time when people were turning to them to solve their investment problems. The life insurance companies have been cautiously reducing, or at least not increasing their holdings of real estate mortgages and railroad bonds, and few new issues of public utility or industrial bonds have been available to them. Thus the insurance companies almost have been forced to turn to Governments.

All this sounds plausible and logical enough, but it tells only part of

the story. Besides it is suspiciously like a rationalization or excuse for a policy:

First of all, the Government decided to spend its way out of the depression; second, it found borrowing an easier way of meeting expenses than taxing to the limit; and, third, it was able to borrow more easily from banks than from private investors.

But how can there fail to be an insidious though real danger in this constant monetization or conversion into bank deposits of government deficits? Professor Edwin Kemmerer of Princeton University, a recognized authority on money and banking, insists that such a process when long continued, under a currency system like our own, spells inflation, and he finds this is essentially the form which inflation took in Germany after the war.

In a careful study of the national debt and government credit, a com-

mittee of the Twentieth Century Fund, Inc., an independent research organization, says that "at present the United States is financing its deficit, as did France in the post-war period, by heavy dependence upon the banking system—a process which at least lays the basis for credit inflation."

The great difficulty is that government spending of more money than it collects tends to raise prices more than it increases ordinary incomes. Rising prices tend to bring about higher governmental costs and larger deficits. If long continued, the process leads to excessively large deficits and unmanageable inflation.

Nor are the purchases of government bonds by banks and insurance companies a true measure of real investment demand which is the best test of government credit, because banks and insurance companies are not as deeply concerned over the fu-

(Continued on page 97)

Chamber Urges Tax Revision



Fred H. Clausen and Ellsworth C. Alvord

PICTURES, INC.



Raymond H. Berry

WHEN the Congressional Committees held hearings on revision of the federal Revenue Act, business men urged simplification of the tax system and drastic modification, if not repeal, of such levies as the undistributed profits tax.

"Leading the fight was organized business, as represented by the Chamber of Commerce of the United States," said the *Baltimore Sun* when members of the Chamber's Committee on Federal Finance appeared before the Ways and Means Committee.

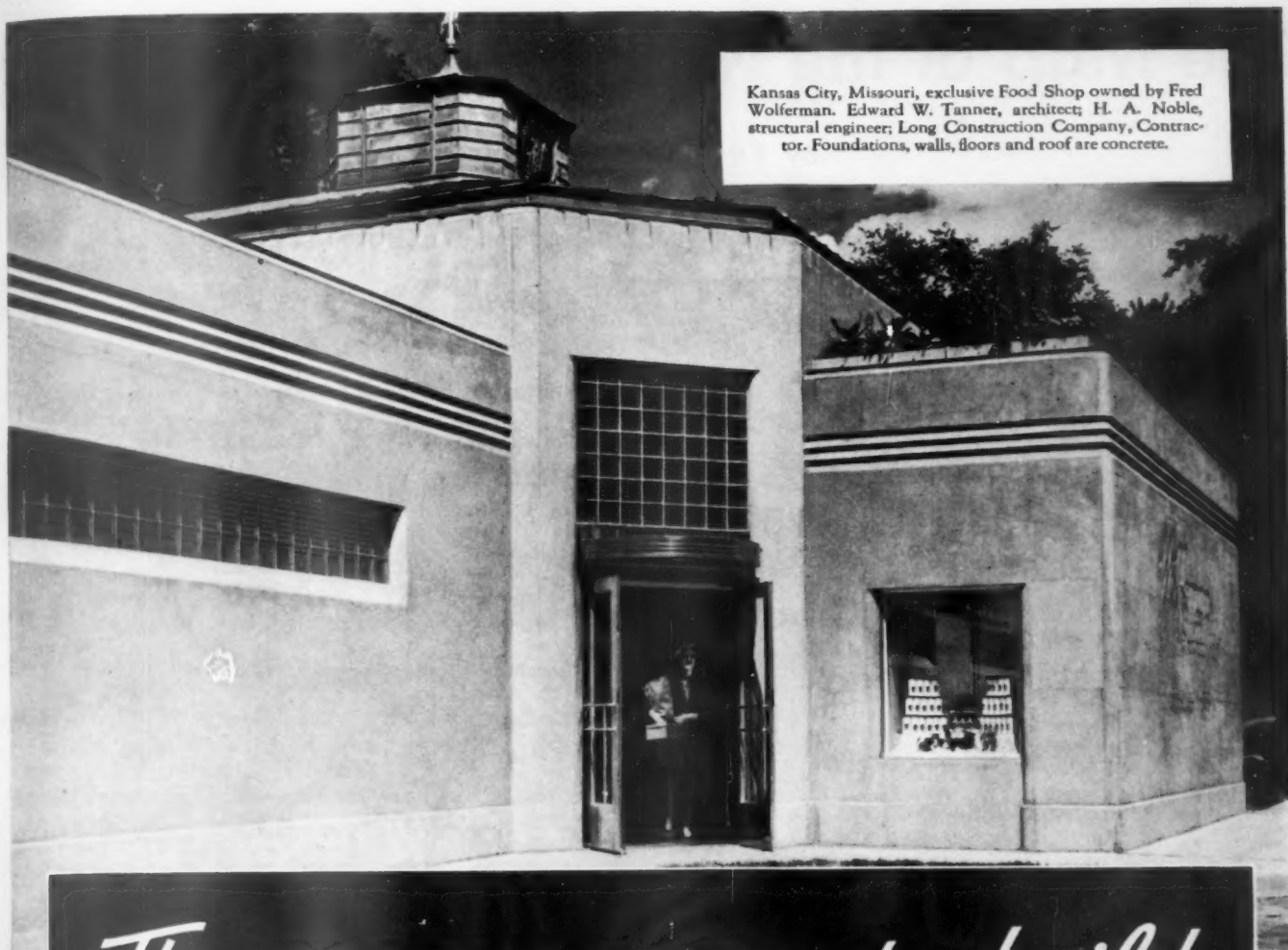
Fred H. Clausen of Horicon, Wis., manufacturer of farm implements and chairman of the Chamber committee, said that taxes on business have increased 30 per cent in two years and that tax relief would be a great aid to employment.

Other spokesmen were Ellsworth C. Alvord, Washington, D. C., attorney, Henry B. Fernald, New York City accountant, and Attorney Raymond H. Berry of Detroit.



Henry B. Fernald

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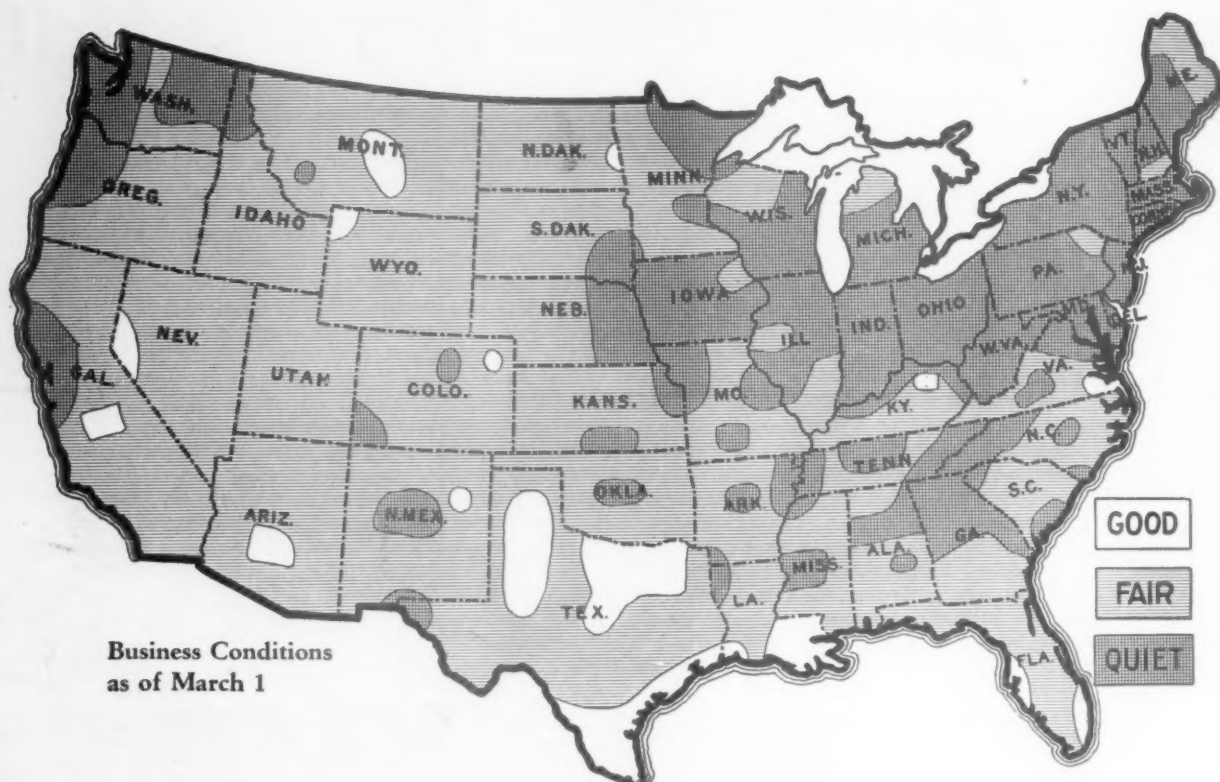
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The Map of the Nation's Business

By FRANK GREENE



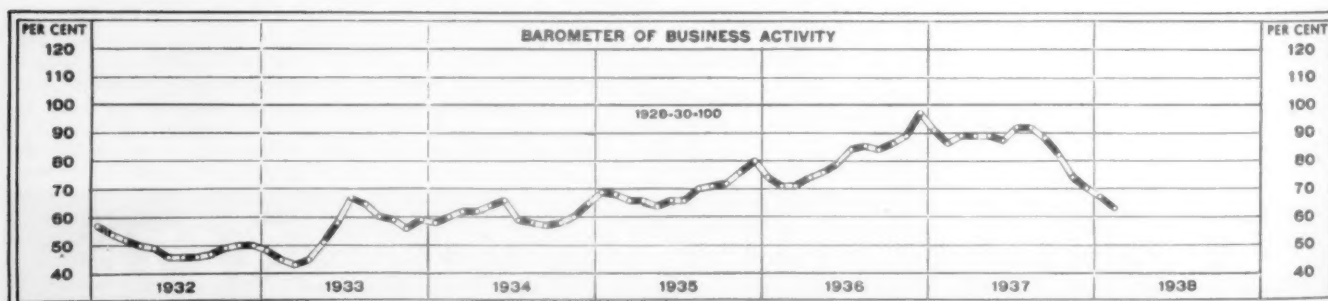
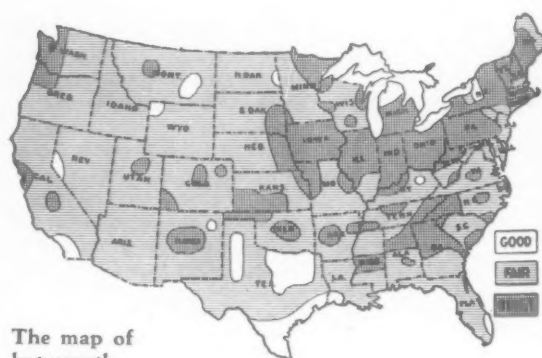
FEBRUARY rains and snows resulted in flood damage in some areas, but at the same time removed fears of drouth damage to winter wheat, particularly in the Southwest. Farm prices generally eased off on improved soil conditions, but cotton strengthened as the result of the passage of the new farm bill.

Industrial operations were not greatly changed from January. Electric power production declined contra-seasonally. Steel output at 30 per cent of capacity compared with 81 per cent a year ago. Steel scrap prices were easier. Automobile output lagged.

Foreign buying activated the copper market, with domestic prices ruling steady. Overproduction and adverse court proceedings disturbed the oil industry. Continued declines in car loadings reflected some of the uncertainties due to the bituminous coal price situation.

Retail buying continued cautious. Bank clearings and debits were down 26 per cent from a year ago.

Continued decline in business is reflected in the March 1 Map



BASED ON INFORMATION SUPPLIED BY DUN & BRADSTREET, INC.

The chart line adequately reflects the slowing down in business activity occurring during the past few months.

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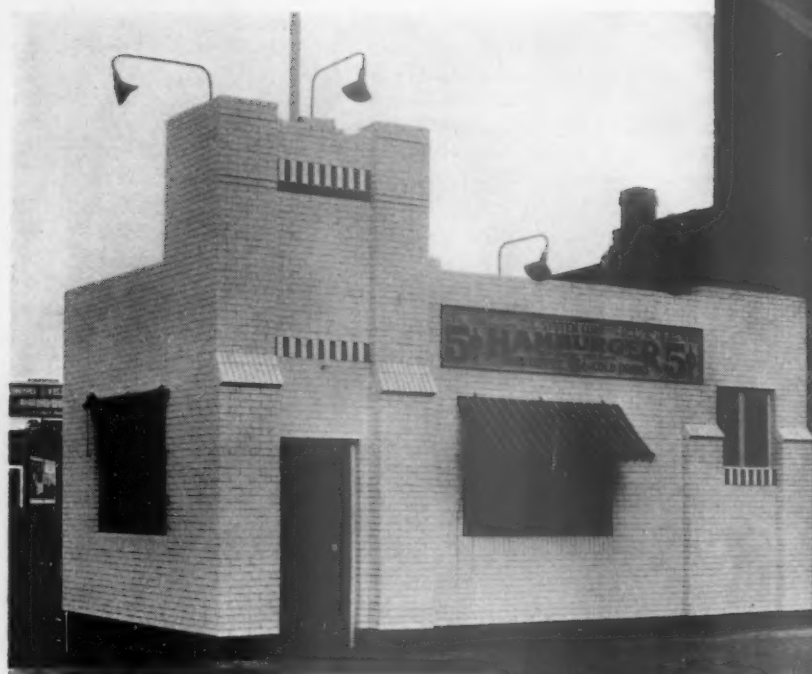
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Proposing Another Set of Government Rules



Practically every industrial and business corporation in the country from U. S. Steel to the smallest incorporated venture would come under the direct control of a government agency

NO CORPORATION would be permitted to engage in "commerce" until it had received a license issued by the Federal Trade Commission if the proposed O'Mahoney-Borah Corporation Licensing Bill should pass this session of Congress.

According to a report* issued by the Manufacturing Department of the Chamber of Commerce of the United States, most of the industrial and business corporations of the country would come within the purview of the bill under a definition of "commerce" which is much more inclusive than the previously accepted definition of "interstate commerce." Banking, radio broadcasting, common carriers, insurance and publishing enterprises are excluded from provisions of the bill.

One stated purpose of the bill is to curb abuses that have accompanied the growth of the corporate form of enterprise. To support this premise, many provisions of the proposed legislation relate to the structure of the corporation and to its administration. For example, the corporation would be required to have its chief place of business and its executive offices in the state in which it is incorporated. Another requirement is that all stockholders would have an equal right to vote the number of shares held by them, notwithstanding any provisions of the charter for an issuance of non-voting stock.

*A copy of this report may be obtained by writing to the Department of Manufacture, Chamber of Commerce of the United States, Washington, D. C.



The Licensing Bill would provide an opening wedge for government supervision of employee relations that could ultimately extend to any individual business whether it be steel making, dry cleaning or any other

The Chamber report states that, though there have been unethical practices and misuses of corporation administration, they have met with public condemnation and the number of such cases has progressively declined. In addition, the proposed licensing act will cause more serious inequalities to stockholders than its passage will correct.

A second purpose of the proposal is to use the plan for licensing of corporations

as a vehicle for the institution of federal labor standards and the regulation of conditions of employment.

A third purpose is to use the proposed law to reinforce other acts. For example, a licensee corporation could be penalized under the Licensing Act if it violated specified provisions of other acts including the National Labor-Relations Act, the Clayton Act and the Federal Trade Commission Act.

that sets us *thinking*"

IN THE Post of January 22nd, 1938, there was an article by Garet Garrett called *A Washington Errand*. It brought many such letters as the one shown here. We wish we could say definitely how many Post readers "enjoyed and profited by" the article, but we can't.

A flood of letters, like Mr. Mitchell's, pours in on the Post about almost every article it publishes . . . from men and women of all ages, in all walks of life. Millions who read the Post each week not only enjoy its stories and novels, but eagerly absorb such features as "The 168 Days," the story behind the story of the Supreme Court fight; Walter P. Chrysler's "Life of an American Workman"; "This is Knudsen," an article about the operating head of the world's largest motor car company; "The Life Story of Madame Curie"



by Eve Curie; Alva Johnston's behind-the-scenes story of that powerful but little known political figure, "White House Tommy."

And dozens of others.

As one Post reader, Everett W. Lord, Dean of

the College of Business Administration, Boston University, puts it: "Many of the most important controversial subjects affecting our economic life are discussed in the Post. Nowhere have I found better material for current study."

Another, Ivor Griffith, Dean at Philadelphia College of Pharmacy and Science, adds: "The Post is not just a mental hitching post, but a signpost that sets us *thinking*."

Post readers read with their *minds*. Thousands of statements and letters like those quoted indicate clearly that they are spending *more and more time* with the pages of the Post.

THE SATURDAY EVENING POST

Washington and Your Business

By HERBERT COREY

Senate Drill In Saying "Uncle"

UNITED STATES senators reported on the floor of the Senate—"the world's greatest deliberative body"—that they had telephoned to various departments in relation to a little jag of patronage for home use and had their august noses pushed in. Department clerks told them in effect:

"Vote right or you get nix."

Nothing new about this. The permanent bureaus of the Departments always did run official Washington in some ways, whether the voters back home knew it or not. But they were never so uppity before.

Straw Shows Wind Blows

PERHAPS the only real significance in the incident is that the job holders have become so haughty. There are now about 900,000 of them—give or take 50,000 in the loose modern fashion—and they are pretty well organized. There are more coming, too. An estimate is that the new farm bill may add 250,000; the Department of Welfare, if, as and when it ever comes to a head, may put on another 250,000, and the O'Mahoney-Borah licensing bill perhaps 50,000 more. The temporarily moribund wages-and-hours bill might add 10,000, and there are various other little items in the oven. Social Security, for instance, must have an "ogpu" of its own if such embarrassing accidents as that in Oklahoma are to be prevented.

Add up the totals any way you wish. They will not be accurate, anyhow. No totals are accurate nowadays. But the senators might as well practice up on saying "Uncle."

Argument: This Is No Cheat

MARRINER ECCLES, chairman of the Federal Reserve Bank Board, made a strictly off the record talk to the National Press Club; about national finances and prospects.

Not for the world in a Cellophane wrapper would this department violate that "strictly" injunction. But it is not a violation to call attention to something Mr. Eccles did not say. He did not so much as look at the statements made by Bernard Baruch and other business leaders to the effect that business is stalled because it is afraid of what Washington might do next.

The New Idea About Deficits

WASHINGTON has a new idea about the deficit. We'll hear more of it in the days to come. It is, in brief, that we have been thinking too much about the \$38,000,000,000

we owe and not at all about the assets we own. Thus:

"We own post offices, federal buildings, flood controls, dams, roads, bridges, a good Coast Guard service complete with lighthouses and life-savers, a Navy, an Army—"

The argument is that one hand washes the other. All we need worry about is how to pay the annual interest.

Always Safe to Look Two Times

THE new idea may be as sweet as corn used to be in the bin, but it is always safe to look twice at Washington's figures. It is not so long ago that the R.F.C. reported a sound working balance of \$150,000,000. No one doubted it. The

books were open, and every one thinks of Jesse H. Jones as stiff to the point of fanaticism. Then Congress adopted a resolution to bookkeep \$2,650,000,000 of the apparent assets of the R.F.C. out of existence. That right considerable sum had been chipped away in non-recoverable loans and gifts to other federal departments.

But Here is a Plan for It

WHICH gives point, not to say weight and edge, to a conversation reported as from Sen. Harry Byrd of Virginia:

"The best thing we could do would be to hire a competent private auditor and have the national books audited. Government could not do it, but a privately operated organization could be set up and do a good job."

Byrd was joking, of course, but there is a grain of wheat in what he said. That would be the perfect way to put an end to unemployment in this country.

Why Isn't This A Funny Story?

THE latest press release of the National Bituminous Coal Commission reports the Commission has 1,118 employees. Now follow this sequence carefully. Then laugh if you think it

is a funny story.

The N.B.C.C. was created by Congress; it was directed first to inquire into costs; then to fix coal prices; it held no hearings; it fixed prices; producers enjoined the enforcement of the price ruling; N.B.C.C. had a yard full of lawyers, but it hired an outside lawyer to fight the case.

The outside lawyer could not function because, as he was attacking the Government in other cases, he was barred by statute; so the N.B.C.C. did not try to get another lawyer but said oh, pshaw, and gave the whole thing up. So that it is now engaged in holding hearings. In about four months it will get around to fixing prices. Loss of time and money up to date, total. Or almost total.

And Carmody is Incommunicado

REPRESENTATIVES of the independent telephone associations of other states have come to Washington to see Director Carmody and protest against the hoity-toitiness

of the R.E.A.

Some of them report bad luck:

"Mr. Carmody was in conference."

Perhaps they got in to see him later. In one case they got in touch with a senator. He fixed it.

Red Ears in the R.E.A. Offices

THIS comes under the head of "Funny Coincidences." The R.E.A. asked Congress for \$30,000,000, and the President's budget officer approved the request.

"Oh," said Sen. George W. Norris of Nebraska, "let's give Carmody \$10,000,000 more."

Not in those words, of course. But the R.E.A. got the money without any real opposition. On or about this time the independent telephone companies of Minnesota forwarded to Washington the text of a resolution unanimously adopted by the Minnesota Telephone Association. In part this resolution read:

"It is regrettable that a department of our federal

These little SPUDS went to market



IT seems very simple for a woman to drop in at her grocer's and say:

"I'll have a peck of potatoes—25 pounds of flour — a pound of coffee — half a dozen oranges — a package of corn flakes — and how's your lettuce today?"

But did you ever wonder how all these things find their way to the corner grocer?

Instead of one woman, think of twenty-five million who do the buying for their families.

Instead of a peck of potatoes, think of three and a half million *tons* delivered to all the corner grocers in a year.

Think of 8,600,000 *tons* of wheat flour—1,790,000 *tons* of oranges and grapefruit — 868,000 *tons* of cereal and you begin to see the amount of food moved by the railroads every year.

Coming back to the potatoes—the average distance

this humble food travels by rail, between the fields where it is raised and the counter where it is sold, is 741½ miles.

And the only thing which can make potato-raising profitable for many people is the fact that their potatoes can get to a market several hundred miles away.

If that transportation were not easy — potatoes would pile up unused in the country — while city people paid fancy prices for the few that could be hauled in.

This in a simple way demonstrates the indispensable part the railroads play in helping the man who raises food to find a market — and the consumer to enjoy the pick of the nation's food at a reasonable price.

The rate at which this service is rendered is low—no other form of transportation could handle the tonnage at close to the price if in fact it could handle it at all.

ASSOCIATION OF
AMERICAN RAILROADS
WASHINGTON, D. C.



Government sees fit to take a determined stand" against an action taken by the legislature of Minnesota, and "by the stroke of a pen set aside such law. Must we forego and dismiss all the rights and precedents established within our state due to the views and decisions of an individual who presides over one of the departments of our federal Government?"

Lots more of it, but that gives the general idea. The R.E.A. is not liked.

Not a Word From Norris

WHICH reminds this department that Senator Norris is suffering painfully from sand boils. The federal utility projects which he fathered in Nebraska are—if reports by careful investigators may be relied on—quite soft to the touch and an unpleasant red in color. Engineers had warned the Senator and his associates that a dam built on the Columbus project would almost certainly leak, but Mr. Norris regarded this as one more vicious assault by a public enemy.

So they built the dam.

So it leaks. There are sand boils everywhere.

The farms in the neighborhood are turning into quagmires.

"Mrs. Schwenk said they had tried to pump out the basement of their house, but the water ran in too fast."

Mr. Edward Asche "advised us not to drive in through his gate because we might get stuck." He had pumped out the basement of his house 172 times.

The investigators said the seepage is growing worse. Perhaps some of Senator Norris's dry humor might stop it.

Regrettable Lack of Confidence

JUST at the time that Chairman Arthur E. Morgan said all those harsh things about his two associates on the Tennessee Valley Authority and demanded an inquiry into what had been going on, by a joint committee of Congress, what do you imagine happened?

Eric L. Kohler was appointed auditor of the T.V.A. and will assume his duties May 1.

Comptroller General McCarl audited the T.V.A. and did not like what he found. Acting Comptroller General Elliott has complained of the manner in which the T.V.A. manages its accounts. The somewhat tardy appointment of an auditor must be taken merely as evidence of the superb calm with which the majority members of the T.V.A. direct their affairs.

Chairman A. E. Morgan is not so calm. He says that, if Senator Norris has his way, and the investigation is conducted by the Federal Trade Commission, he will not be pleased. Mr. Morgan has an almost mastodonic lack of confidence in the F.T.C.

Neck Pains in Tygart Valley

TYGART VALLEY HOMESTEADS in West Virginia is a hang-over from the Tugwell Resettlement Administration. There are 165 destitute families housed in it, at a distance from any source of income. Therefore the Farm Security Administration has proposed to lend the Homesteads \$400,000—on no security whatever—for the building of a dimension woodworking plant.

The lumber men and union workers of the Appalachian region protested *en masse*. In a public hearing these facts were developed:

That the market is now oversold. That there is unemployment in the industry. That the only way the Tygart Valley plant could sell its goods would be by cutting under market prices. This would result in a failure of employment for some of the men now at work.

The losses must be absorbed by the Government. If a subsidy is to be paid Tygart Valley the lumber men who are losing money think they should have some, too.

Too Bad, but They're Tired

ONE of the senators engaged in fighting the President's bill for the reorganization of the Government said that he was discouraged. He said:

This is a far more important measure than the effort to change the Supreme Court. But we are getting only lukewarm public support. The people are tired. They are confused. The reporters write colorless stories about it. If there is no interest back home I'm afraid we're licked.

The opposition is further handicapped by the fact that Mr. Roosevelt is reported to have given permission to trade off anything in the bill if only the Comptroller General is ousted. That would give the Chief Executive practically complete control of the federal monies.

Pagliacci Not The Only One

BEFORE doing business with the Government a contractor should go to hear "Pagliacci" sung. "Laugh, Clown, Laugh."

The Government is building a federal court house in Los Angeles. After the building was under way, it was determined to add a story. The Government could not agree with the contractor on the cost of this extra story, and so he was ordered to complete the building as ordered.

When it is all done the top will be ripped off and two more stories added.

This Will Break Jackson's Heart

A LAWYER who practices before the Supreme Court said: "Bob Jackson doesn't know it, but he is through as a baiter of business. Maybe he is all washed up as a possibility for governor of New York."

The explanation is that the Solicitor General is the busiest man in the Government's legal establishment. He must handle every brief representing the Government's side that goes before the Supreme Court. That tribunal is harsh if slipshod work is offered it. Jackson is too good a lawyer not to know this, and too smart a man to take any chances with the Supreme Court.

"He simply will not have any time in which to make speeches. Compared to him that one-armed paper hanger with barber's itch will be an idler."

Farmers Must Step Out First

THE man who is to be quoted is an admirer of the newly signed farm bill. At least he finds many things in it to admire. He thinks Secretary Wallace may be on the right track in his effort to restrict production.

"Certainly he has the complete support of the President. For proof see his recent magazine article, in which he favors the policy of scarcity."

He argues that between cash prizes for not planting and cash fines for planting too much:

By 1939 every corn, wheat and cotton farmer in the United States will be participating under the Act. The farmer is a "money voter." Always was. Cannot be blamed for it. The Secretary of Agriculture in the future will have the farm vote in the hollow of his hand.

Worst Troubles Never Happen

DR. WILL W. ALEXANDER'S testimony might be quoted to offset that of the pessimist. Alexander is Administrator of the Farm Security Administration. It has made mule-plow-and-cook-stove loans to about 400,000 of the most thoroughly broken farmers to be found in the United

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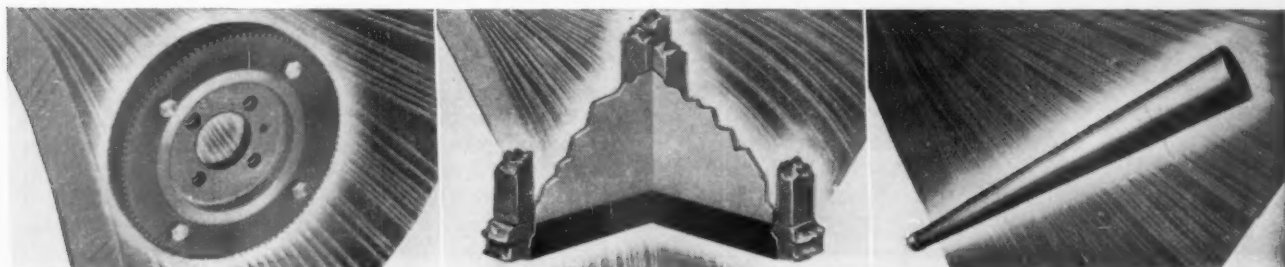
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PLASTICS HEADQUARTERS



States. The loans average about \$400. One-half the maturities have been met up to date, and Alexander thinks the total recovery will be about 85 per cent. The best of it is that, with reviving prosperity, courage revives also. The men and women prove to be stiffly self-respecting.

Maybe the American farmer will not vote for his supper, after all.

Where Did the Billions Go?

THERE are about 2,000,000 farm families in the destitute or near-destitute fix, according to Dr. Alexander. Many of them are victims of drouth, flood, fire, bugs, any one of the innumerable miseries of farming. The remainder, broadly speaking, failed because they did not know how to farm. They were willing to work hard but they were ignorant. The F.S.A. bases its hopes for their redemption on the training it is giving them:

"We are in fact engaged in a campaign of adult education," Dr. Alexander said.

That's all very well, but we have had an expensive Department of Agriculture in existence for years. It cost more money than any two other departments. It has had every kind of farm specialist there is. Congressmen wilted like pansies in the heat of its wrath. But it did not get around to telling 2,000,000 poor devils who really needed the knowledge how to earn a living on the farm.

Rummage Sale of Residences?

THE Federal Housing Authority may now lend up to 90% on newly built houses which do not exceed \$5,400 in value, on a 25 year amortization plan. It is hoped this may result in house-building activity. But it follows that the Government must inevitably be compelled to recapture many of these houses. A recaptured house will, of course, be a run-down house. The Government must spend money in putting it in order.

Some one in the future must wrestle with the problem of getting rid of them. Give them away at Bank Nights? Or hold them for a better market? Or mark them down to a selling price and shoot the real estate market to pieces? Perhaps the better thing to do is just not to think about it.

Patman's Bill is Bottled Up

REPRESENTATIVE Patman's bill to impose heavy federal taxes on chain stores seems to be bottled up for the rest of the session. The Administration seems not to be interested in it, for one thing, and there is a strong doubt of its constitutionality for another. It is in line with the new idea that bigness in business should be attacked, no matter how excellently conducted a corporation may be.

FDIC is in Heavy Weather

FOR the first time since its organization four years ago, the Federal Deposit Insurance Corporation has been obliged to dig into the \$385,340,146 fund built up by insurance assessments on member banks. There are 176 fewer banks on the FDIC rolls now than a year ago, and expenses exceeded income by about \$700,000.

No More of the Barney Baruch's?

WHEN Bernard Baruch told a senatorial committee that: "In my opinion unemployment is now traceable more directly to government policy than to anything business could or should do—"

Every one listened to him. President Roosevelt told his press conference that he "had only read the headlines" over Baruch's testimony, but every other man who has to do with business probably sat down and studied it.

Every one accepts the fact that Baruch knows. He began his business career with no money at all and made a fortune in Wall Street by foreseeing what would happen next. His private information service was the best in the world.

How will the Totalitarian States of America regiment and uniform tomorrow's Barney Baruch's?

Wage-Hour is A "Must" Bill

CONGRESSMEN report that the wage-hour bill will be dropped from consideration during this session. On the other hand President Roosevelt is urging it on almost every member of either House with whom he talks. It is on a kind of a clandestine calendar of junior "must" bills. As the congressmen get it his theory is that:

I can never be defeated on anything until I admit that I am defeated:

If Congress fails to pass a wage-hour bill then it will be Congress who must take the criticism. If, when passed, it is not a good bill, Congress is the only one in the hole. My skirts are clean:

Sooner or later a wage-hour bill will be passed.

Why Don't They Get Together?

SECRETARY of Labor Perkins has stated that the lag in employment is greatest in the over-45-years category.

John D. Biggers, who conducted a first rate census of the unemployed, found that the greatest lag is in the under-25 category.

Ain't Nature wonderful?

They Know How To Trim Us

AN investigator recently returned from Brazil reported that Germany and Italy are rapidly taking our Brazilian market away from us.

"They buy from Brazil on 'blocked' marks and lira," he said. "They can pay relatively high prices because they pay off only in goods. We pay in money, which Brazil can spend all over the world. Yet we buy more from Brazil than any other country, and Brazil wants to hold our trade."

American merchants in Brazil would like to see us go into the blocked-dollar trade and thus hold our own. They argue that our reciprocal trade agreements merely lose business for us.

What Would You Think About It?

THERE is not much hope on Capitol Hill that the Vandenberg-Lodge amendments to the Social Security plan will be accepted. They aim to "nail down" the payments into the fund, and prevent their use by the Treasury in paying current indebtedness. Vandenberg has said that:

"I am trying to set up a warning beacon. We should go slow until we know where we are going."

Both sets of amendments have the more or less tepid support of Marriner Eccles, who has never made a secret of his belief that the present plan is wrong and dangerous. But it must be remembered that the Treasury needs every penny it can get.

Irresistible vs. Immovable

NEITHER Mr. Eccles nor Secretary Morgenthau has taken a single backward step. Eccles thinks more spending is the boot-strap way out of the present depression. Mr. Morgenthau would go back to the Benjamin Franklin plan of thrift and economy. There is a report that a medium course will be adopted and business will be let alone for a time in the hope that it might work out its own recovery.

That, however, is only a report.

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Business Men Say...



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POTTER STUDIOS



Roy B. White

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CHESTER I. BARNARD, President
New Jersey Bell Telephone Company

"If industry wants proper government it will have to support good men in government. This support will have to be more than the fervent wish expressed around club tables. It will require the active participation and interest of business men and of their employees in the civic and governmental affairs of their communities and their state."

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Commercial Credit Company

"As a result of various competitive conditions, there has developed during recent years a general lengthening of the average maturities, as well as a lowering of down payments, on motor and industrial lien retail time sales notes. . . . This company and many others have been taking steps to check this tendency. An analysis shows a reduction of 85.80 per cent in the proportion of new cars financed with maturities over 24 months and 32.69 per cent of the total with maturities over 18 months."

ROY B. WHITE, President
Western Union Telegraph Company

"Taxes under the Social Security Act have added an obligation which this company must meet out of its income. The law places us in a position of choosing between abandoning about 1,700 pensioners or obtaining relief through increased rates."



A. E. Duncan



HARRIS & EWING

WALTER J. KOHLER, President
Kohler Company

"There are two things which Government will forever lack the power to do. It cannot compel confidence, and it cannot force people to buy. . . . There is no possibility of social security without adequate national production, for the significant thing is not the money one receives but how much it will buy. . . . What would happen, should we be forced into a major war, burdened from the outset with nearly \$40,000,000,000 of national debt? What would happen if we should have to go through a further prolonged depression period carrying such a burden and with the durable goods corporate reserves depleted?"

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We Can Beat Dictators at Their Own Game

(Continued from page 21)

per cent. In one week-end, 2,000,000 Germans sought strength and joy through hiking.

The Government encourages the old institution of *Wanderburschen*—young apprentices who travel on foot from job to job through different parts of the country. The whole business is systematized through "exchanges."

For those who prefer travel by water, huge transatlantic steamers are pressed into service. The distance covered in one year by "Strength through Joy" steamers equals 54 times the circumference of the globe. The number of nautical miles equals the distance from the earth to the moon. If the travelers held hands and stood in a row, the row would extend from Berlin to Tokyo.

In 1940 (war permitting) "Strength through Joy" ships will carry 12,000 workers to the projected Olympic Games in Japan. These visitors will attend the games free and will travel to the Orient and back at a nominal cost, on 25,000 and 50,000 ton liners. The passengers will be given cabins accommodating two or four persons each. Every cabin is an outside cabin. The decks are enormous and are accessible to all.

Those who wish to travel by rail are carried to their destination by special "Strength through Joy" trains. Vacationists are taken to famous watering places, not in the height of the season, but when the traffic is slack. This imposes no strain on the railroads; it increases the income of the boarding houses and hotels, and enables them

to give more attention to the individual guest.

The importance of variety is stressed. Ten to 12,000,000 Germans have left their villages for the first time to spend a vacation elsewhere. Some of these see Germany first. People from the Alps spend their vacation on the sunny Rhine or on the seashore. Rhinelanders are taken to East Prussia.

14,000,000 sea voyages

RUSSIA pursues a similar policy less systematically. In this manner the Russians, like the Germans, become acquainted with their own country and national feeling solidifies. The price of these vacations under the new dispensation is preposterously small (\$4.00 to \$6.00 a week) both for those who stay at home and for those undertaking long journeys on "Strength through Joy" steamers to Madeira, Lisbon, Capri and the Scandinavian countries. Dr. Ley plans to send 14,000,000 persons on sea voyages at least once every second year. Excursions to the United States are also on the projected program.

Most of those availing themselves of "Strength through Joy" facilities are manual laborers, 23 per cent are white collar workers, ten per cent small government officials, the rest, men and women on a pension and recipients of unemployment relief. The men slightly outnumber the women. No one admitted to the

benefits of the organization had an income of more than \$100 a month. The monthly income of 85 per cent was \$60 or less.

In making reservations, the poorest travellers receive first consideration. In special cases they receive a subsidy paid by the Labor Front. Family travel is encouraged.

"Strength through Joy" provides food and entertainment for vacationists in good hotels and private boarding houses as well as in huge establishments built under its own auspices. Stress is laid upon the treatment of every member of the organization as a full-paying guest, entitled to the same respect and the same service as vacationists who pay five or ten times as much.

Sanitariums with as many as 50,000 beds are being built. The object is not to compete with the tourist business but to encourage travel by those ele-



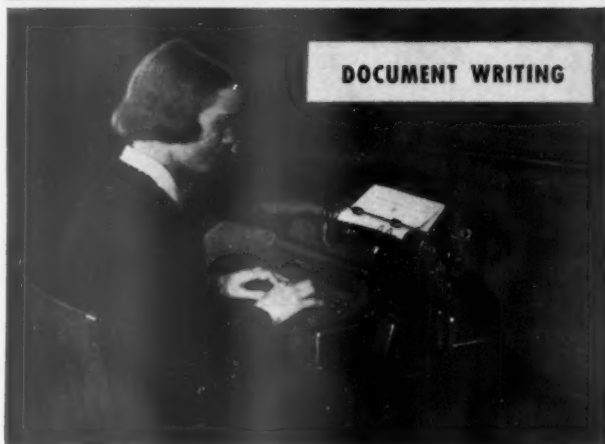
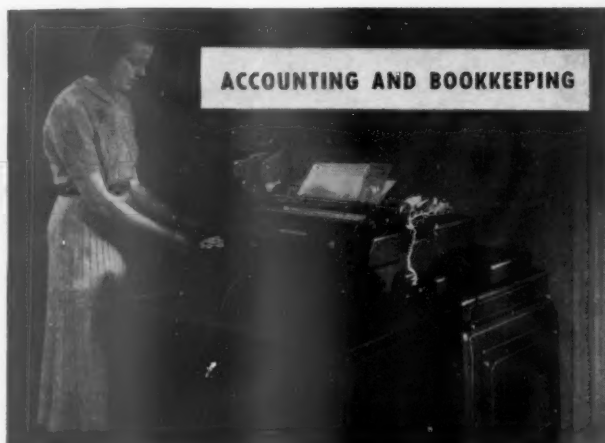
A miniature tower gives children the thrills of safe parachute jumping

Workers vacation in a rest home that was once the Czar's Palace

PHOTOS BY SOVPHOTO

MASTER YOUR PROBLEMS

as they arise...



To keep pace with today's rapidly-changing picture, the 1938 executive must have 1938 methods of control.

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ments of the population who would not ordinarily think of traveling.

Another Ley bureau, supervising sports, began to function almost immediately after the new regime came into power. By August 1, 1935, the number of persons engaged in some sport provided by the facilities of the "Strength through Joy" movement was 2,270,000. Today the number, according to Hitler's recent speech in the Reichstag, has reached 21,000,000. The participants include all ages.

"No one," says Dr. Ley, "is too old to exercise."

Those in charge of the project stimulate by every possible means participation in active sports. The "fan" lazily watching athletes receives less consideration. Golf, tennis, skiing, hiking, boxing, wrestling, fencing and, of course, swimming, are encouraged. The skiing equipment is supplied at a minimum price. Neither summer nor winter sports are neglected.

More than 6,000,000 workers took athletic courses in 1936. The number is increasing steadily. Special efforts are made to bring about a harmonious bodily development. The man who uses chiefly his legs in his work is encouraged to develop his arms and his chest; in other words, the attempt is made to compensate for the over and underdevelopment of any particular set of muscles.

Mothers get attention

ANOTHER noteworthy innovation is a special "vacation for mothers." While the *Hausfrau* enjoys herself at a *spa*, or at the seashore, government-paid and government-trained nurses care for her children at home. Occasionally the mothers relate their experiences over the short wave for the benefit of listeners at home and abroad. Of course, this is "propaganda." But that does not make the vacation less beneficial or the mother less grateful.

The object of "Strength through Joy," as I have indicated, is to beautify not merely the worker's hour of leisure, but to make his shop a pleasant place to work in.

"No one," Dr. Ley says, "can work happily, unless his surroundings are pleasant."

More than 200,000,000 reichsmarks were spent in a single year for the beautification of factories, including the addition of swimming pools, lavatories, lunch rooms, athletic fields and gardens where the workers can take their lunch under the trees. The total amount to date exceeds 600,000,000 marks.

The State is not too high and mighty to place flower pots in factory windows! Such methods are depriving

factory villages of grimness and grime. The neurologist and the engineer are drafted to eliminate unnecessary noises, irritating to the nerves and harmful to productivity in the beautified factories.

The "Strength through Joy" movement does not confine itself to the physical plane. It brings millions of working men and their families to the theater. Tickets are available at popular prices. The only discriminations made are in favor of the poor. The same is true of concerts. Sound trucks carry motion pictures to remote hamlets which lack movie theaters. So-called "theatrical trains" bring dramatic performances to millions who have never seen a theater. Hitler claims that, since 1934, 155,000,000 persons have attended various performances under the auspices of "Strength through Joy."

At the same time they are encouraged, not merely to watch performances, but to participate in them; to form dramatic, as well as athletic clubs and to read millions of books in traveling libraries.

More than 80 per cent of the men and 20 per cent of the women thus spoon-fed with *Kultur* had never seen an opera; 63 per cent of the men and 74 per cent of the women had never attended a concert. In 1936, 4,805,000 men and women had their first glimpse of a theater. Nearly 2,000,000 took part in popular festivals. Ten thousand persons were induced to take weekly music and singing lessons. Three million attended concerts and other entertainments sponsored by the "Strength through Joy" movement. One hundred and forty-four art exhibitions in factories were visited by 500,000 workers in 1935. In 1937, 3,300,000 workers attended 1,300 art exhibits in their own factories.

A lesson for us

SOME of these things, feasible in Germany, may not do for us. But a survey of what the totalitarians are doing is helpful. Most Americans believe that the rule of totalitarian governments is based solely on force; it is something of a surprise to learn that the totalitarian state enlists not only bayonets, but beauty; that, in the totalitarian scheme, art and joy are assets, paying both tangible and intangible dividends.

Perhaps the most important lesson of all is the fact that the whole business can be made self-sustaining. And yet, why not? It tallies with our own experience, except that in the United States it was business and not the state that made the discovery.

When we improved the appearance of our telephones and our radios, we

increased their sales. When we "streamlined" the automobile, production increased enormously. "Streamlined" trains attracted new customers. It was America that first built veritable palaces for motion pictures, where the poorest may enjoy luxury for a pittance. The overlords of filmdom learned that luxury for the masses is a more profitable investment than luxury for the few. All this we did without government subsidies.

Business shows the way

BOTH commercially sponsored broadcasts and "sustaining" programs carry great music and distinguished dramatic performances to every American home. In that respect we do not lag behind. We might, following the lead of the dictators, stimulate more active participation in sports. It may be advisable to encourage mass migrations of vacationists from shore to shore at minimum cost with maximum comfort. Some such scheme, sensibly "staggered" and adapted to American needs, might solve the problem of our railroads.

It would give new impetus to business everywhere and tend to destroy the sectionalism that still disunites the United States. The Government has lent large amounts to railroads and has subsidized shipping in one form or another. Maybe it could induce railroad and shipping men, instead of ruining themselves by paying off the obligation, to try some of the experiments so successfully conducted in connection with the "Strength through Joy" movement?

There are many devices by which we could increase our standard of living, reanimate industry and give new zest to life without increasing the national debt unduly. But such measures require active cooperation between those who guide our political destinies and those in charge of our industries. Business has given the American people miracles of progress without exacting as a price our political freedom and without burying the nation under a mountain of debt. American business paid its own way and made a profit when it brought luxuries to the masses. Experiments by governmental bureaus are expensive. Private enterprise is the goose that laid our golden eggs in the past.

It can lay no golden eggs for us in the future if we bleed it to death with taxes and strangle it with red tape. Individual initiative and ingenuity, encouraged by the Government, can give the totalitarians a run for their money. It can do even more:

With our matchless national resources, we can beat the dictators at their own game and make democracy once more a success!



Still in there pitching!

No one better exemplifies the American businessman than Benjamin Franklin, shown in the picture above conferring with his associates during the early days of our nation

From the M. G. M. Short Subject, "Servant of the People"

COOPERATION to Combat Recession," news headlines proclaim.

"Let's Have Teamwork," editorials plead.

"All together now," speeches exhort.

Splendid! More of that means less of the discord, misunderstanding, and frequent bogging down of business so rife and regrettable during these frantic '30s.

We, the 1,000,000 members of 2,000 Chambers of Commerce, give voice to a fervent "Amen."

And our fervency is born of experience. We *know* what teamwork can do. It is the power-stream, the motive force of every Chamber.

Since the Chamber of Commerce of the State of New York, older than the U. S. Government itself, fought the Stamp Act and the tax on tea in 1768, American businessmen have been working together.

Working together, Chamber members work out business problems, straighten tangles, adjust injustices every day everywhere.

Working together, they are "still in there pitching" for a better understanding of business.

Working together, they have helped to make their communities better places in which to live . . . by helping to provide schools, colleges, hospitals, clinics, parks, playgrounds. By providing jobs, aiding industries, ironing out labor problems and trade wars.

Teamwork is an old story that never seems to grow old in its ability to tackle trouble—and down it!

Such cooperation is for the real things, the good things our business civilization stands for. The things people mean when they say "What helps business helps you."



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It is the ninth of a series appearing in *The Saturday Evening Post* and other publications. The tenth is printed on page 103.

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Speaking of Finance

By EDWARD H. COLLINS

Associate Financial Editor, the New York Herald Tribune

ONE of the most curious aspects of the business recovery lasting from 1933 until 1937 was the failure of the capital market to fill its traditional rôle in providing the sinews of industry. In searching for the causes of the present recession in business and for remedial measures it may be well to inquire into the ways in which

business financed its recent four-year expansion and to consider whether the capital market as now constituted is adequate to the demands which may be made on it in the future.

The main sources from which industry obtains funds for expansion and replacement of facilities are retention of earnings, short term bor-

rowings and the raising of additional capital. The banking system provides most of the borrowings necessary for improving the working capital position. The capital market provides, through the sale of equity issues to shareholders and the absorption of long term bond issues, the funds required for the modernization and enlargement of plant.

The extent to which the capital market decreased in importance as a reliance of industry is shown in the following table of new capital issues:

	(000,000 omitted)	
	Total Domestic Issues	Total Corporate Issues
1925	\$5,125	\$3,605
1926	5,189	3,754
1927	6,219	4,657
1928	6,789	5,346
1929	9,420	8,002
Total	\$32,742	\$25,364
Yearly avg.	\$6,548	\$5,073
1932	\$1,165	\$325
1933	708	161
1934	1,386	178
1935	1,409	404
1936	1,949	1,192
1937	2,076	1,192
Total	\$8,693	\$3,452
Yearly avg.	\$1,449	\$575

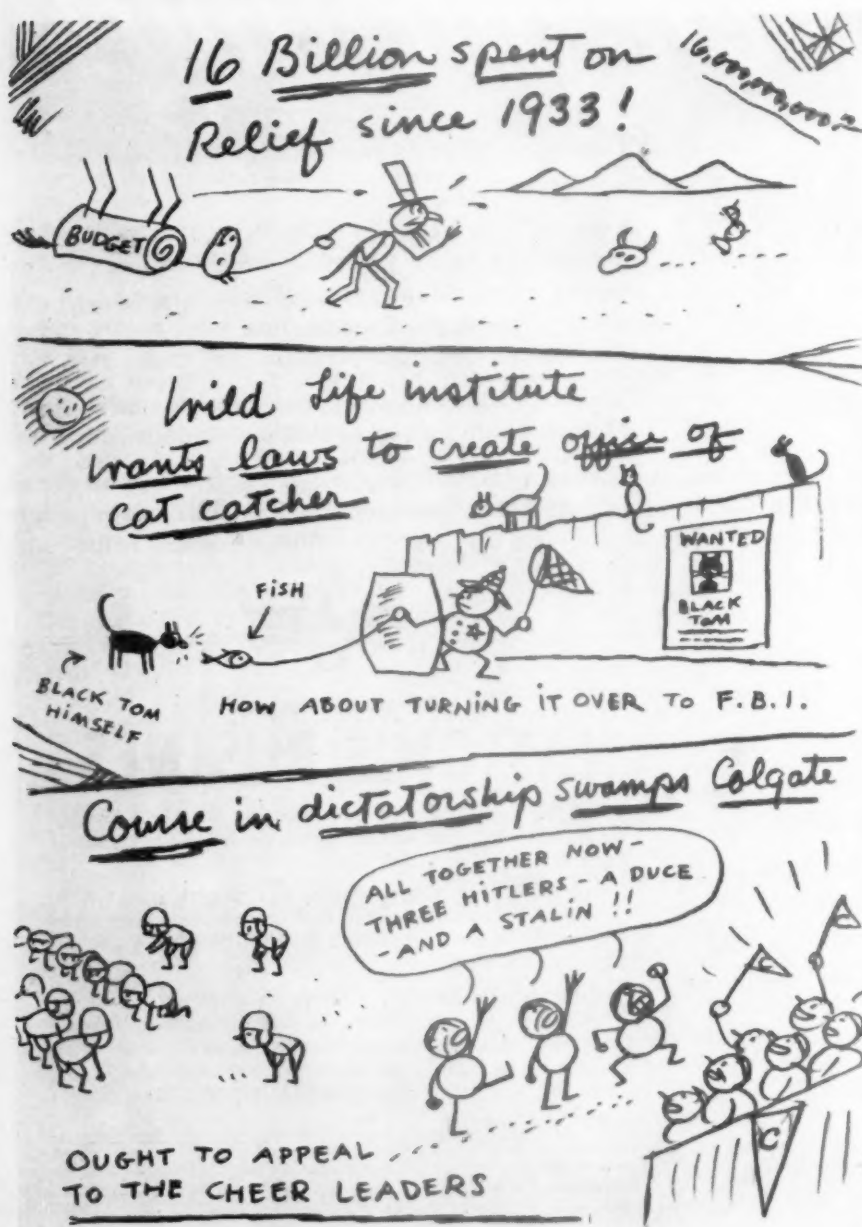
Source: Commercial & Financial Chronicle.

These figures show clearly enough that, while industrial production according to the Federal Reserve Board's index, was rising from 64 per cent of the 1923-1925 average in 1932 to 110 per cent in 1937, the private capital market was still functioning at a decidedly subnormal rate. Indeed, if business had been forced to rely on the private capital market alone for the funds with which to make plant improvement and expansion, recovery would have been impossible.

Need was reduced

THE fact is that industry found the funds necessary for expansion elsewhere than in the private capital market. On the one hand, the deficit financing of the United States Treasury, which served to build up bank deposits, reduced the need of industry to tap the capital market. If the increase in the direct federal debt is taken into account, another \$18,000,000,000 must be added to the amount of funds which the capital market

From a Business Man's Scratch Pad . . . No. 24



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THE increasing use of machines in industry has not destroyed jobs. It has created them.

When automobiles were made virtually by hand and the price was high, few people were employed in the motor business. But as mass production methods reduced prices and expanded the market, employment increased. Today the motor industry, directly or indirectly, accounts for the employment of 1 person out of every 6 at work in this country.

Higher wages have always followed increasing use of machines. When the United States was using \$23 worth of machinery per capita, Great Britain was using only \$10 worth and paying 1/3 the American

wage. Germany was using \$9 worth and paying 1/4 the American wage. China was using 5 cents worth and paying 1/20 the American wage.

It costs American industry approximately \$8000 in capital investment to buy the machinery and tools needed to provide a job for each worker. In some industries such as railroads, the capital investment per worker is as high as \$26,000.

18 of the major industries of today have been wholly developed since 1880. They would not be in existence except for technological advancement. Those 18 new industries today account, directly or indirectly, for the employment of 1 out of every 4 people at work in the United States.

As bankers for commercial and industrial enterprises, it is part of our responsibility to contribute something to a better understanding of the facts about private business.

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How to compare installment plans

Unless you are a mathematician you probably have trouble comparing different plans offered you. To compare them it is necessary to calculate the *true* rates of interest charged. The true rate of interest tells you the price you pay for credit whatever the payment plan.

As part of its consumer education program Household Finance has just published a quick, easy method for figuring true interest rates. With the "Consumer Credit Cost Calculator" you can determine the credit cost of any plan in just a few moments. In addition to comparing prices on an article or service, you can now compare credit plans and choose the most economical for your purpose. You are invited to send for this helpful calculator. Mail the coupon below and you will receive a copy without obligation.

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supplied from mid-1932 until the end of 1937. By lumping together capital raised by industry itself and the borrowings by the Government, directly and through its agencies, one has a total for capital flotations from 1932 to 1937 which yields a slightly higher annual average than the volume of new money issues of corporations in the prosperous years from 1925 to 1929. Of course, only a part of the deposits created by government deficit financing came to rest in corporate accounts and could be considered as a substitute for private borrowings in the capital market.

Many rely on savings

INDUSTRY turned also to its own internal resources to find part of the funds it needed to finance the 1933-1937 recovery. A study by Dr. Alexander Sachs shows that a representative group of durable goods companies relied far more on internal savings than on the capital market for the means with which to expand their activities in the recent recovery years. Undistributed profits, he points out, declined in 1933 and 1934, the first years of recovery, and depreciation was more than adequate to fill the need for plant additions.

In 1935, however, plant expenditures exceeded depreciation, and undistributed profits "became the major financing instrument." In 1936, when financing requirements of these corporations increased nearly 150 per cent, the undistributed profits tax considerably reduced the percentage of earnings which could be retained to finance expansion. The capital market was not in condition to fill the gap caused by the decline in internal savings and short term liabilities were perforce increased.

Corporate liquidity declined to the point where, in mid-1937, the capacity of industry not only to finance expansion and replacements but also to settle current trade accounts was impaired.

The experience with government deficit financing and reliance on corporate savings as alternatives to the raising of funds in the capital market throws some light on the nature of the problem of starting and sustaining another business recovery. For one thing, the heavy outlays by the federal Treasury were incapable of bringing about full recovery and the legacy of debt they have left behind proves the unsuitability of deficit financing at this juncture. And the undistributed profits tax promises to remain on the tax books in some form, thus gravely impairing industry's ability to finance itself. Even if the undistributed profits tax were repealed, the damage it has already in-

flicted on corporate finance will take some time to repair.

The fact seems inescapable that the private capital market must be relied on more heavily in the next recovery than in the last. If this premise is correct, it is in order to inquire whether the capital market, whose functioning has been considerably altered by the Banking act of 1933, the Securities act of 1933 and by various tax measures, is not now so restricted that it will be unable to accommodate, promptly and efficiently, a normal volume of new issues. If any of the doubts are well grounded, it is most desirable that the constraints be removed before the market is called on to carry a heavy responsibility.

The particular phase of the problem which will be dealt with here is that having to do with the supply of capital available for underwriting new issues. The banking act of 1933 required the complete segregation of the deposit banking and underwriting, directing the banks of deposit to divest themselves of their security affiliates and not to engage in underwriting in the future except in the case of certain public securities. Thus the supply of actual and potential capital for underwriting domestic corporate and foreign securities was drastically reduced. Unfortunately, so few data on underwriting capital are discoverable that it is impossible to say accurately what the supply used to be and what it is now. Estimates of the present amount of underwriting capital range from \$80,000,000 to \$250,000,000.

Interests color opinions

WITH the information about the capital market's underwriting resources so sketchy, it is only natural that opinions should vary widely as to the adequacy of the supply. In general, the opinions are colored by self-interest. Many of the large deposit banks, formerly engaged in underwriting directly or through their security affiliates, are convinced that there is a great shortage of underwriting capital, assuming that the market is to regain its old place in the nation's economy.

A great many investment bankers adhere just as passionately to the view that the underwriting capital is already ample; and that if it were not, the supply would grow as the volume of flotations and the profits derivable from underwritings increased.

Opinions that are at once detached and authoritative are difficult to obtain. But the views of administration officials can make some claim to objectivity and so merit attention. William O. Douglas, Chairman of the

Securities and Exchange Commission, declared at Chicago early in February that adequate underwriting capital for the financial machinery to function properly appeared to be lacking. Under present conditions, he said, underwriters had to put through their issues fast and thus use their capital many times in a year. Mr. Douglas was saying in effect that the present capital market was a fair weather market, able to comport itself creditably when securities moved readily into buyers' hands but inefficient when unexpected turns in prices made it necessary to hold new issues for a while. Eager to avoid paper losses on portfolios, underwriters tend to keep themselves at the maximum liquidity at all times by forcing issues on weak markets, thereby aggravating declines and making for instability.

Would permit underwriting

A FEW days after Mr. Douglas cast doubt on the adequacy of underwriting capital, J. F. T. O'Connor, Comptroller of the Currency, circulated among government officials a plan which would, under safeguards, restore to national banks, and inferentially to all member banks, the power to participate in the underwriting of issues which they can buy for their own account. In one of the drafts of the banking act of 1935 Senator Carter Glass had included a provision empowering member banks to take underwriting participations but not to originate new security issues. At President Roosevelt's insistence, however, the provision was removed from the bill.

The views of Mr. Douglas, Mr. O'Connor and Senator Glass must cast a strong presumption of doubt on the adequacy of the capital market's facilities. These doubts, to some minds, were strengthened by the market's experience last fall with two security issues which stockholders refused to buy. Bethlehem Steel common stockholders bought only \$1,996,700 out of a total of \$48,000,000 of 3½ per cent debentures which the company offered to them at par. From the time the offering to stockholders was made until underwriters had to take up their commitment to buy the unsold amount, the securities markets became at first nervous and then weak. Though the syndicate offered \$46,000,000 of the debentures publicly at 95½, whereas the price to stockholders was par, the issue went badly and the price fell to 78.

The contention of those who favor extension of the underwriting privilege of deposit banks is that, with a more widely distributed underwriting liability, the syndicate could have



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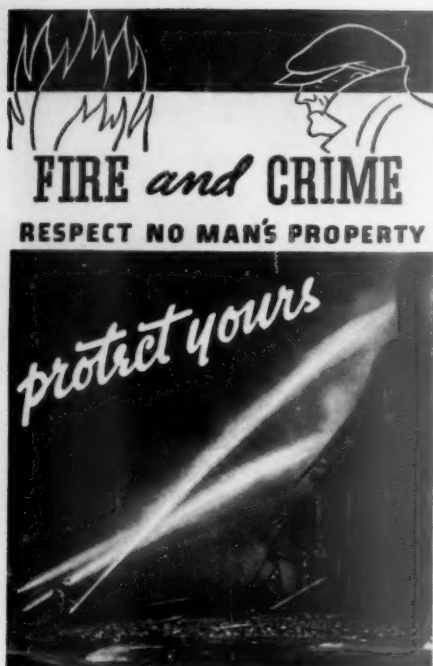
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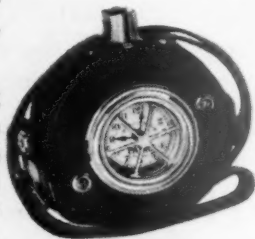
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held the bonds, however long the period might be, until the market was prepared to absorb them.

Similarly, Pure Oil stockholders subscribed for only 8,040 of the 442,443 preferred shares offered to them, leaving 434,394 shares for the underwriters to take up. The opportunity has not yet presented itself for the underwriters to offer the preferred stock publicly, with the result that a substantial amount of the not superabundant supply of underwriting capital has been tied up in the issue for months.

The adverse effect on the market of the failure of these two issues can hardly be questioned.

It is impossible to form a valid opinion as to the sufficiency of the present volume of underwriting capital on the basis of data now available.

All must agree, however, on the urgency of the need for an answer to the question. It is an occasion for satisfaction, therefore, that the Board of Governors of the Investment Bankers Association has approved the efforts of Francis E. Frothingham, president, to induce an outstanding independent research agency to make a thorough study of the capital markets in the United States.

The question is so important that self-interest and the influence which the opposing schools of thought can bring to bear on legislative and administrative Washington should not be the determinants. If the capital market, in the next recovery, should prove inadequate to fill the rôle assigned to it, the inevitable sequel would be for the Government to take over a still larger share of the task of financing industry, either through

BELLRINGERS



KAUFMAN & FERRY

He Was on the Job at 100

EIGHTY-THREE years of service with one company was the remarkable record of John M. Horan, boiler washing inspector of the Chicago, Milwaukee, St. Paul and Pacific Railroad, who died recently at the age of 100.

He started work for the railroad April 17, 1855, loading wood onto the wood-burning locomotives of that day. Changing his duties with the development of motor power, he worked as a machinist, engineer, traveling inspector, and refused to

accept a retirement pension. One of his sons, who is now an engineer, has worked for the same road more than 50 years.

Mr. Horan was known as "Soda Ash" Johnny because he was the originator of the use of soda ash in the treatment of water in locomotive boilers. A staunch supporter of the Safety First movement, he boasted that he never suffered an accident in his 83 years of service and, when an engineer, he never missed a call because of sickness.

deficit financing or direct loans. Such an eventuality both sides of the underwriting capital argument would surely wish to avoid.

Agricultural Paradoxes

CONGRESS again has served up a farm bill. Many hands and several million spoken words were in the making. And there are plenty of legislators on Capitol Hill who would say—privately, at least—that too many cooks spoiled the dish. Here are a few samples of its paradoxes and conflicts as reported by our esteemed contemporary, the *Congressional Record*.

Rep. Tarver of Georgia: Is not the object of the program to reduce cotton production?

Rep. Jones of Texas (chairman of the House Agricultural Committee): No, sir.

Rep. Michener of Michigan: If this bill does not primarily contemplate cotton reduction, then we are talking about one thing and doing another.

Sen. Bankhead of Alabama: It does not make a particle of difference (how much we lower the price) for the price of foreign cotton goes down with the price of American cotton.

Rep. Poage of Texas: We can no longer control the world price of cotton by controlling American production. We have been trying to hold an umbrella over the cotton producers of the whole world—even the great United States cannot do that.

Rep. Boileau of Wisconsin: We complain very seriously when the South proposes to go into the dairy business with a government subsidy.

Rep. Pace of Georgia: I am worrying because for years we have been teaching our people to diversify, and I do not want them to be penalized for that diversification.

Sen. Smith of South Carolina (chairman of the Senate Agricultural Committee): The bill is not what I want. It is what they (the cotton growers) demanded. A majority of the cotton growers said, "We want it with teeth." Some said, "We want it with tusks."

Sen. Bailey of North Carolina: North Carolina will quit cotton . . . but we will go into hogs and corn.

Rep. Warren of North Carolina: This bill is going to be a very deep disappointment as a whole to thousands of farmers. I am going to vote for this bill, however, mainly on account of its tobacco provisions.

Sen. Borah of Idaho: As Mr. Wallace said . . . the program of reduction of production necessarily means a reduction every so often, in order to maintain prices. That means national suicide.

Rep. Cochran of Missouri: What is going to be the total cost (of the law)?

Rep. Patman of Texas: Why is that question always brought up?

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Canadian Pacific

Your Job in the Next War

(Continued from page 27)

nations could get at least partially ready in the period elapsing between the first note and the ultimate declaration of war. Tomorrow the world may dispense entirely with declarations of war. Who can tell?"

The plan is in two parts, roughly speaking.

The first covers the mobilization of the armed forces.

The second provides for an industrial mobilization to support them.

The plan might be said to be in three parts because its third element has to do with the civilian population. So far as possible John Smith's occupations and preoccupations will not be interfered with. In what the late Newton D. Baker once characterized as a "little war" it is probable that John's business would go on about as usual.

As the intensity of war increased, more and more Smiths and their businesses would be taken in. A "big war" fought along modern lines would demand something from every man and woman. The plan rests on the need of conserving time and money and resources. No one would be drawn in until he or his factory was needed. If the Government needed only five of his lathes he could run the others on his own business.

Everyone cooperates

IT IS based on the Act of June 4, 1920, and on such supplementary legislation as has been drafted and will presumably be enacted to provide the needed authority. This legislation does not differ materially from the laws under which the country was at work in the closing days of the World War and which were the outgrowth of the experiences of 1917-18. Industry has been fairly well informed as to what demands will be made upon it. So have the leaders of labor. Industry and labor are cooperating, so far as cooperation is possible. The mistakes of the World War plan have been studied and guarded against. Mr. Johnson said:

If we should be forced to go to war we could put 300,000 men in the field at once, fully armed and equipped. In 1937 we had 178,101 officers and men in the regular army, 192,161 in the national guard and 114,358 in the reserves. There is also the supply of young officers in the C. M. T. C. and the R. O. T. C. to be called on. Allowing for discards, it seems certain that, after the 300,000 men were in the field, a sufficient skeleton of trained men would remain to mould the recruits. Thirty days after M-day we could have 500,000 men in the field, with the necessary munitions. At the end of the fourth month we should have 1,230,000.

Enlisting the men would be easy enough. They would be sent to training camps as needed. A streamline supply. The Army is ready with the necessary material, because the events of 1917 have not been forgotten. Then the hard part of the job of getting ready for war must be taken up. The men in the field must be provided with everything they need, as, when and where they need it. At the same time the larger army of the future must be given supplies as it comes into being. We have a stock of rifles which will serve for an indefinite period. Thousands of other items must be provided. Artillery, shells, quinine, raincoats, hob-nailed shoes. This is where industry goes to work.

"Under the law," said Colonel Johnson, "the Assistant Secretary of War is in charge of the second part of the plan. The Army and Navy would collaborate through the Army and Navy Munitions Board, of which I am co-chairman with the Assistant Secretary of the Navy. Our job would be to state just what the Army and Navy want, where the stuff is to be delivered and when, in what containers, and in what quantities. We now have direct contact with industry."

The Board would know whether those needs can be filled. Put it differently: The Board knows that the needs can be filled. It has made a study of almost 20,000 manufacturing concerns. Of these, almost 10,000 have been selected for the practical reasons of location, facilities, raw materials, transportation and the like, and allocations have been made to them.

"On M-day the 10,000 would go into production or part-time production as needed. Confusion and disturbance would be minimized. The men and the machines would be the same for the most part. As a rule this early production would simply mean stepping up production. Because transportation would be under control, we hope we will never again see the spectacle of congested railroad lines or jammed truck trains."

A question at this point:

"What is the attitude of industry toward the plan?"

"One of perfect cooperation," Colonel Johnson replied. "So far as I know, one of perfect satisfaction. We have not been compelled to rush our arrangements. We have taken up each point with big and little industry. We have profited by the failures of 1917-18."

Big business would get the bulk of the early orders for obvious reasons. The larger establishments are in a

position to turn out certain supplies—automobiles, shoes, clothing, food, blankets—without greatly changing their mechanical set-up. In many instances only adjustments need be made. They would not be hampered by the uncertainty which handicapped industry in the World War. The country has been divided into districts for production as well as mobilization. Transportation would be in relatively short hauls, except in rare instances.

A minimum of jar

"WE HOPE that we would not—in the event of war—be forced to use more than one-half the capacity of any of the larger industries. This would ensure production of what we want, when and where we want it, on board at a given hour of a fixed day, and the routine of the factory would be no more interfered with than it is in any period of rush. By this plan, industry is able to retain its normal market and, on the return of peace, go back into production with a minimum of jar."

All—broadly speaking—of the bigger industries understand and are co-operating with this plan. Their managers often attend sessions at the Army Industrial College to discuss industrial problems with the 60 officers who are under constant instruction. The plan follows the outlines laid down by Bernard M. Baruch when he was chairman of the War Industries Board and he has often appeared at the college. A list of prominent industrialists who have presented their views might fill a page. Such organizations as the American Iron and Steel Institute, the National Machine Tool Builders Association, the Hydraulic Machine Builders Association, the General Motors company, the Dupont company, are taken at random merely to show the scope of the plan so far as big business is concerned:

"How does small business like it?"

"Fine! Under the plan, the small business man is practically protected against the dislocations of price and labor and transportation and the difficulty of getting raw materials."

Let's see how it should work out.

Three Army and three Navy officers make up the War Munitions Board of which Colonel Johnson is the Army head. Variations in specifications of identical items have been eliminated as far as practicable. During the World War the two branches often bid against each other for supplies in a fashion that would be ruinous in private industry. Hereafter there will be no competition between government agencies and the product will be allocated between the two

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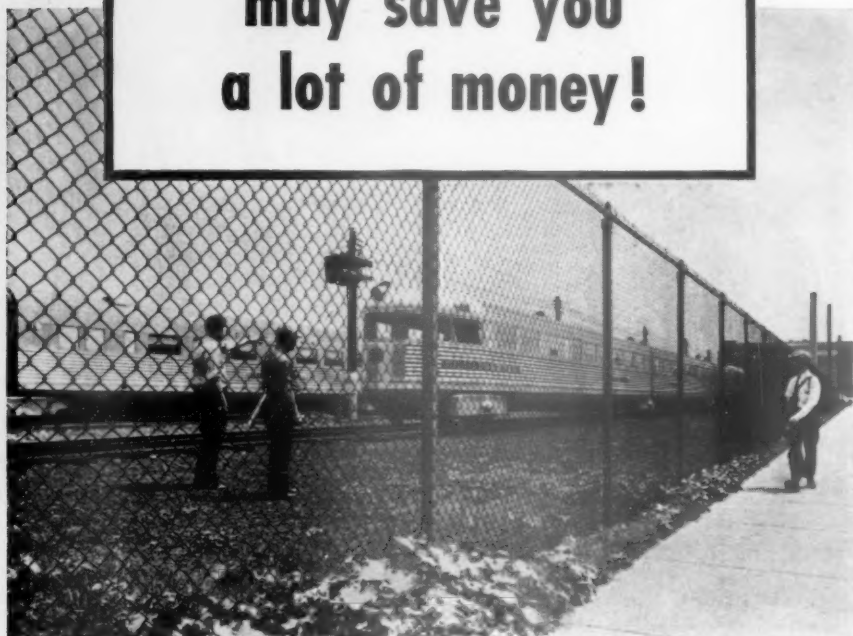


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branches. The coordinator will be the War Resources Administration.

The Army and Navy will place their needs before it, state when and where they want their contracts filled. No industry will be taken over by the armed forces. No officer will be sent out to run a factory. Officers will be used as inspectors, of course, but that's all.

The War Resources Administration will be one man strong. Just one man if the plan is accepted by Congress as written. He will be the Administrator and all power will be centered in his hands. His administration will consist of men who know their business. They can tell him how and where to get raw materials, how much he may depend upon a given manufactory, what the transportation situation is. They will be expected to have all information ready for him and the schemes for their own industries and the advice he must have. But they will have no vote. When he has determined on a plan of action, on the basis of what they have told him, he will issue his orders. He will take no time out to debate the point with his administrators. No doubt he will make mistakes, but he will not make the same one twice. Meanwhile, time will be saved all along the line.

Prices to be stabilized

UNDER the Assistant Secretary of War are branches which cover every phase of the work of industrial mobilization. Prices ran wild in 1917-18. No one's fault—except it was everyone's fault. No plan had been made. A manufacturer could not possibly make an intelligent bid because he did not know what he would have to pay for materials and labor. So the cost-plus scheme was devised. The thought was to even matters up later through an 80 per cent surplus profits tax. It did not work quite as had been expected. A manufacturer who made \$100,000 profit by keeping his costs down paid \$80,000 out in tax. If he could make \$200,000 profit by boosting costs and prices his tax would be \$160,000, but he could keep out for himself \$40,000 instead of \$20,000.

Therefore a price control plan has been worked out. All prices—prices of everything—could be frozen by executive order as of a certain day. This is regarded as a better plan than freezing prices as they seem to need it, because it offers the manufacturer a certainty of cost. Forty different items may go into the making of a single article and experience has shown that, in unsettled times, the 40 prices would not progress evenly. Some might slip back because of slight demand. Others might go sky-

riding out of all bounds. The President, however, would be in absolute control of the price structure at all times. If he wished, he could permit an increase in certain prices. It is assumed that he would not interfere with a declining price, which had been knocked down because of a slow demand.

Profits will be reasonable

THE cost-plus plan has also been modified in theory. It would be adjusted to the different items, presumably, but in sum the plan is that, as a manufacturer's orders increase, the percentage of profit he would be permitted to charge would decrease. A 20 per cent plus might be little enough on an order of 5,000 items, but perhaps ten times too much on an order of 5,000 gross. Thus the elimination of unnecessary competition, a graduated cost-plus, and the freezing of prices would hold profits down to a fair normal. There would still be the excess profits tax in reserve.

"The plan pre-supposes a fair profit to every manufacturer," said Colonel Johnson. "We have no nostrums in our medicine chest. The country's needs could only be supplied through the operation of the capitalist system, so-called, and that system would not amount to much if the owners made no profits. But, if profits ran too high, we would know how to deal with profiteering. It is not profiteering to make a reasonable profit. It is profiteering when a maker gouges his country for an unfair profit."

"You do not contemplate the so-called 'conscription of capital?' One reads about it from time to time."

"No nostrums," said Colonel Johnson firmly. "Why should the country conscript capital? In wartime what the country needs is not dollars. It can make dollars. It can control exchange. It can issue bonds. It would never have difficulty getting dollars. European war experience proves that."

"The country would want things—things which can be bought with dollars. If the dollars were seized, then what? Why should any one work to make a dollar which might then be taken away from him?"

"How about conscripting labor?"

"No! But if the war became a 'big war' there is no doubt that some form of guidance would be put in effect. By that I simply mean that essential industries could not be permitted to languish because men preferred to loaf rather than work. That's all."

"But where does the small business man figure in this set-up?"

Mr. Johnson replied:

That question answers itself. If the larger manufacturing concerns were taken over in part—possibly one-

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✱ Every week during 1937 a new industry of major importance located in New Jersey.

..into NEW JERSEY

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you have considered the availability of skilled, loyal workmen—men who are friendly and like their jobs. Not, finally, when you count upon the absence of a state income tax and the amazing diversity of industry, do you grasp the whole picture.

The fact is that New Jersey possesses both the tangibles and the intangibles. You'll find a cooperative attitude from governing bodies, existing industries and the community. Satisfactions of life are found both in industry and in the home in New Jersey. Residential and recreational facilities for executive and worker are varied, accessible and nowhere surpassed. And so today is another moving day into New Jersey.



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1838—A CENTURY OF SERVICE—1938

NORFOLK AND WESTERN
Railway
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half of capacity—then the smaller firms would be called on to supply the needs of civilians the large companies had previously served.

The smaller industries would be called on to aid the larger ones with specialized work. So simple a tool as the Springfield rifle calls for 103 different dies, 463 jigs and fixtures, 506 special cutting tools, 1,320 checking machines and 1,339 inspection gauges. That may be taken as an example of the complexity of the manufacturing operations for war and as the reason why the President asked for \$6,000,000 for "educational" orders.

Manufacturers do not carry these specialized tools in stock. They have no need for them. A bill now being considered proposes to give assenting manufacturers orders for goods which shall cover the cost of such tools, in whole or in part. They will retain the tools in their possession. If a war order were to come overnight they would have the means at hand to fill it and trained workmen to handle it. This applies as much to the small manufacturer as to the big one, because many orders for parts would be let out, as is now the case in the automobile industry.

We got back to the small man.

"I'll show you a list of small manufacturers that have agreed to work with the plan."

Socks, shirts, caps, underwear, belts, shoes.

"Plenty of other lists. The country is divided into districts for convenience in manufacturing and distribution. No manufacturer is under compulsion. Some are able to go farther in cooperation than others. Our selection has been made for practical rea-

sons of factory availability, location, nearness of raw materials, transportation facilities and the like. There is absolutely no question that every other concern in the country would cooperate if called on."

One practical reason why they would all cooperate—patriotism being dismissed for the moment—is that the plan provides for priorities. If you are a manufacturer and you have a priority then you get the raw materials and the freight cars you need. If you have no priority you take your market chances on both.

We plan the cooperation of industry and labor for the purpose, first, of giving the fighting forces what they must have and, second, to provide the civilian population with what it needs. The phases of study are transportation, power and fuel, labor problems, price control, priorities and war trade.

In the main thesis is buried somewhere the need for raw materials.

"The supplies of strategic raw materials will be pooled and we will draw on them as needed. We are short of certain important things, but we know where we can get them.

"And don't forget that we have a larger quantity and a greater variety of raw materials than any other nation and that our chemists are constantly showing the world the way."

To get down to hardpan:

We need manganese, chromium, tungsten, tin and a few other items. In the



"He says somebody in here called over to his place for two hamburgers with onion!"

event of war we should need to obtain and conserve a stock of these materials. Tin scrap would supply us with about 35 per cent of the tin we need. Congress has authorized the Navy to buy some strategic materials for its reserve and the Military Affairs Committee of the House has acted favorably on a similar provision to enable the Army to fill its essential needs.

It might be necessary to build an entire industry for the manufacture of explosives. The powders used in guns of different calibers differ widely and, unless the right kind of powder is used, the range and accuracy of the weapon are impaired. It is a notorious fact that we are short of the amounts and quantities of ammunition we would need after the first six months of war and that we lack the machine guns, anti-tank and anti-aircraft guns and light and heavy artillery we should have.

But there is redeeming feature in the situation:

We can best visualize our national defense in three stout rings. The outer is the Navy with its air service. It will take a heavy toll before it is pierced. The second is our Army, land-based, Air Corps. It, too, interposes a serious obstacle to the invading convoys. Though we have, I believe, an Army Air Corps superb in quality, we have not yet approached the objective of 2,320 planes we need.

British authorities have called our Bell fighter the finest fighting plane in the world and we believe our stratosphere plane, the XC-35, is without a rival.

True, we have not enough military planes.

But we have the finest civilian flying force in the world. We have 30,000 miles of airlines in scheduled operation and last year we carried more than 18,000,000 pounds of freight, which was more cargo than the combined airlines of Great Britain, France, Germany and Italy handled.

In spite of the rush to produce planes in other countries, we are more than holding our own.

Finally, the enemy must overcome our fixed and mobile coast defenses which, in substance, are our entire protective mobilization force. We know that, if the Army and Navy are placed upon an operating basis, as the President has recently proposed to Congress, we can keep our shores free from actual hostile occupation for the time necessary for industry and man power to take up the load.

The implicit assumption throughout the talk was that the preparations are being planned against a war that may never come and which, at all events, will not come soon.

Then industry must take up the load. For 13 years the Planning Branch of the Army Industrial College, under the direction of Col. C. T. Harris, has studied American industry by states and cities and industries and factories. We know that it will be equal to any demand which might be made upon it. Our contract forms are ready in blank and need only be filled out. Factory plans have been worked out by the management in many manufactories. We are in constant touch through the various industries with the raw material situation. Back of that first line of defense is the greatest industrial country in the world.

The one thing we all devoutly hope is that the United States shall never again be forced into war.

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It is because of the amazing progress the textile industry has made in the last two decades. It is because research scientists and engineers have worked to improve processes and to give the public more for its money. More goods for more people—at less cost.

It is because General Electric engineers and research scientists have contributed to this progress. More than forty years ago, they initiated the first use of electricity in the textile industry. Today, every modern loom has its individual electric drive, and electric control which governs the quality of the unrolling yards of fine, sleek fabric. General Electric scientists have perfected instruments to test and match the colors, and to keep the web straight and true.

Electric equipment—much of it especially designed by G-E engineers for textile applications—increases production, protects expensive machines, prevents delay and spoilage, lowers costs. In short, General Electric engineers are in the "efficiency business," and the economies they help to effect enable millions of American Marys and Helens and Ruths to buy *two* new dresses where otherwise they could buy only one.

G-E research has saved the public from ten to one hundred dollars for every dollar it has earned for General Electric



GENERAL ELECTRIC

1938—OUR SIXTIETH YEAR OF ELECTRICAL PROGRESS—1938

If Not the American System—What?

(Continued from page 24)

and carrying with it the necessity of liquidation of bank assets on a scale which could not be met had reached its final goal.

A time of great stress

NEVER before had a President of the United States been inaugurated under conditions of such extreme economic stress and never before had the American public with such an approach to unanimity demanded an immediate and effective government remedy. For the Government to have refused to act might have meant even revolution. At that time many thought that the Government should take over the banking system *en masse*.

Experienced commentators of that period still argue with much force that American public opinion at that moment would have accepted even so drastic a measure.

I point this out to show how easy it would have been to have nationalized a large section of our economic life. The escape was narrow indeed; and with the banking system in government hands, a long step toward state capitalism would have been taken. I venture to forecast that, if conditions of equal economic stress arise in the near future, important steps toward nationalizing our economic life will be taken.

Hence the part that will be left to private initiative will be correspondingly reduced.

If, then, this persistent drift toward state capitalism and all that it carries with it in the way of loss of private initiative, of freedom of speech, and of individual liberties, is to be checked, long periods of severe economic depression must be eliminated.

Only by making our present economic system function effectively enough to produce a satisfactory livelihood for all the people can it be maintained.

Cooperation is needed

HENCE, it is important that the present slump shall not develop into a prolonged depression such as the one we left only a few years ago. For industry to pull in one direction, labor in another, agriculture in a third, and Government in a fourth, is the height of folly. Such cross-purposed action will drive us automatically along the path we have just described toward totalitarianism.

That I venture to say is not desired by a single economically-important group in the American public.

What then is the way out of this still mild but potentially dangerous "recession"? If I were determining policy, I should proceed along several lines.

In addition to stimulating by all known devices the cooperation of all the factors in our productive system, I should pursue vigorously three concrete policies:

1. To enable business to take over the big load of spending recently dropped by the Government, I should try to restore the incentive of business to expand. One device for accomplishing this would be, at least in depression, to reduce substantially the undistributed earning taxes on all funds actually used by business for plant and equipment in the current year. In addition, unnecessary restrictions on various types of business resulting from hasty legislation of the past few years could and should be removed.

2. I should try to give investors a greater incentive to buy and to hold securities. This could be accomplished by allowing them to keep a larger portion of their capital gains.

3. I should remove all unnecessary expensive and time-consuming restrictions on the flotation of securities. This does not mean that we should return to pre-depression policies and the resulting abuses. At present, however, there are virtually no new flotations—no long term borrowing by business spenders on whom the future development of our economic resources depends. It is important, therefore, that it be made easier, less expensive, and less risky for our investment machinery to begin again to operate effectively.

To rebuild incentive

THESE and other devices all designed to rebuild the incentive to issue, to own, and to float new long-term securities would do much to reestablish our capital market and make it possible for business to take over the great load of spending which is indispensable if our economic system is to continue to perform in a satisfactory way its functions of providing a livelihood for us all.

In my opinion it is no less than a calamity for the United States, the richest country in the world and the one where savings are most abundant and industry most productive, to be forced to run along for years without a thoroughly effective capital market through which the savings of its people can be turned quickly and without friction into current economic welfare and into continued growth of national wealth.

People Will Still Ride Street Cars

(Continued from page 36)

ed are 90 street cars, 152 trackless trolleys and 83 motor coaches. Few old units remain in operation. Those that do are used mainly during the rush hour. Many lines have been routed crosstown to eliminate transferring. Schedules have been made dependable and the average speed between termini for the system has been increased from 11 miles an hour to 13 miles an hour.

The company has expanded its service to Indianapolis in the past five years, not only by improving its equipment and transporting more riders, but by serving a larger area. Several lines have been extended to bring transit service to isolated sections. Indianapolis Railways now operates 192.22 route miles of passenger service within the city. Its rolling stock travels 42,000 miles a day.

A comprehensive program for the rehabilitation of the track and shops departments got under way early in 1936. Mr. Chase obtained a loan of \$3,120,000 from the Public Works Administration for the rehabilitation of approximately 23 miles of track, the installation of hundreds of steel trolley poles and the construction of modern street car shops, garage and transportation buildings. Seven miles of track had been rehabilitated before 1936.

Building for efficiency

THE new buildings, of modern design, are now under construction. They will include a general shops building for the system, a bus garage with accommodations for 125 vehicles, facilities for the track department, rest rooms for street car operators, offices for certain operating officials as well as equipment for service and maintenance work. Three old car stations will be abandoned. This will add much to the efficiency of the system.

At present Chicago is tied with Indianapolis for the honor of having the largest fleet of trackless trolleys in the United States. Both cities have 152 units. Response of Indianapolis patrons to this new form of transportation has been enthusiastic. Trackless trolleys are operated on 19 different lines. The general public has demonstrated that it likes the speed and quietness of the trackless trolley as it glides along on rubber tires. Riders appreciate the increased safety which results from the fact that these vehicles can load and

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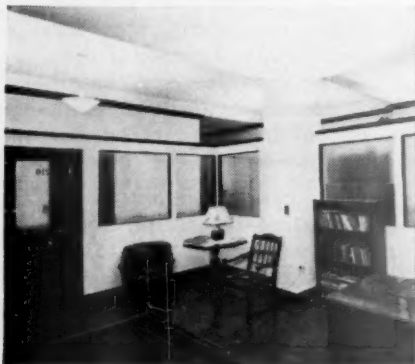
A YEAR AGO, Mr. Woodbury Hale, Manager of the Boston Consolidated Gas Building, erected his first J-M Transite Walls in a small office. The installation was so highly satisfactory to both Mr. Hale and his tenant that, when extensive remodeling of the Gas Company's own offices was planned, Transite Walls were again selected for the job.

On this new remodeling job, it was essential that the exacting work of the auditing department go on as usual while the new partitions were installed. Disturbance had to be kept to the absolute minimum.

The unique construction method employed in erecting Transite Walls solved the problem. The entire installation, covering 12,000 sq. ft. of floor area, was made with virtually no noise, dirt or disturbance.

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THIS CORNER of the newly remodeled offices of the Boston Consolidated Gas Company shows free-standing J-M Transite Walls used with glass. Any type of partition . . . solid, dwarf, or floor-to-ceiling . . . can be quickly and easily installed with Transite.

this adaptable material takes any decorative treatment. Paint, fabric, veneer, lacquers . . . can be applied to suit needs or preferences. Or walls may be left in their natural finish—a pleasing neutral color.

For the solution to your office-partitioning problems, send for the new Transite Walls brochure. It contains complete information, including scores of drawings and photographs. Write Johns-Manville, 22 East 40th Street, N. Y. C.

unload their passengers at the curb. Although company officials explain that "modernization never ends," they point out that the definite objectives set forth in 1932 will have been accomplished within the next few months.

The program is being completed in six years instead of ten and the total cost of the project will be \$8,000,000,

one million less than the original estimate.

In the meantime, transit executives from Canada, England, Australia and scores of cities in this country are visiting Indianapolis to see the new equipment and improved methods of operation. After 25 years, Indianapolis is once again a leader in the transit industry.

Promoting the General Welfare

(Continued from page 44)

representative group of consumers with no specialized food knowledge can be used.

Shrader is an unusually well informed poultry man. In his years of coordinating poultry programs he has accumulated a wealth of fowl knowledge. He can tell almost at a glance how a bird has been fed, how it has been slaughtered and bled, picked and packed. He thinks it a "crime" the way certain birds appear when they reach the market. He can quote poultry flock performance records unendingly.

He believes that farmers have a great opportunity to increase their income by a well-balanced program including a flock of poultry.

Shrader was born in Iowa nearly 45 years ago. Playing as a small boy practically within the shadow of the agricultural college at Ames he little realized the place he would one day occupy. His dad was a Lutheran clergyman.

Suddenly the family were off to Kansas City, where Shrader studied in the high schools. Then his father became ill, and the family moved to a farm in the Ozarks. The management of the farm fell upon the boy's shoulders. To solve his problem, Shrader enrolled for the dairy course at the Missouri Agricultural College.

For three years Shrader studied cows. He read about cows, talked cows, practiced upon cows. But he was not destined to become a cow expert. Appeared at the college Prof. H. L. Kempster to give a course in poultry husbandry. Shrader switched to hens.

This was 24 years ago. Before the course was finished Shrader was introduced to Dr. Pennington, at the college on a visit. Dr. Pennington offered the young student a place on her staff, Shrader went to Washington. He has been in public service ever since, variously as government poultry expert, a flier in the Air Corps, an extension worker at the Missouri Agricultural College, a coordinator of poultry programs in the Department of Agriculture.

Shrader writes magazine articles,

government movie scenarios, government radio scripts. He is an editor, an actor, a platform speaker, a radio broadcaster.

Department officials report that 30 or 40 copies of a sound film in which Shrader is the narrator are "circulating like hot cakes."

As traveling poultry coordinator, Shrader keeps informed of the rapidly occurring changes in the poultry and egg industry—the making of eggs into powder or their freezing into blocks that can be sliced like butter; the preservation of eggs by vacuum and oil processes; the housing of hens in apartment houses in the country, in batteries of cages one upon another; the feeding of hens so as to produce light or dark colored yolks; the dressing of birds by waxing machines that strip them of every last pin feather; the packaging of poultry in cellophane.

As editor, Shrader's name flies at the masthead of *The Extension Poultry Husbandman*, government periodical that circulates among poultry husbandmen. As such, he gleans poultry promotional paragraphs from trade journals, the reports of agricultural colleges, the speeches and writings of other poultry specialists. In a recent issue he reveals the scope of federal poultry coordinating. He says:

The budget for the 1937 fiscal year of cooperative extension work in poultry was set up for 80 full-time poultry specialists and seven part-time workers. The money set aside for this work amounted to \$231,819.17 from federal sources, \$112,649.35 from states, and totals \$361,469.12. This did not include the county extension workers' budget. There were 2,827 counties reported doing work with poultry in 1936. These agents spent four per cent of their time or 63,220 days on this subject.

Other items in Shrader's publication include "Autogenous Vaccination in Outbreaks of Infectious Laryngotracheitis", "Manufacturing Weather (For Eggs)", "Extension Work with Turkeys", and "Poultry Manure."

Shrader is proud of the government poultry coordinating extension service. He says it had nothing to do with the killing of little pigs.

Shake Hands with Our Contributors

DECISIONS of the National Labor Relations Board may or may not have come home to roost in your own organization, but sooner or later their impact will be felt on every industrial plant in the nation.

RALPH A. LIND, whose interpretation of some of the Board's decisions is found in this issue, was a regional director of the National Labor Relations Board in Cleveland for four years and is now a labor relations consultant with Stevenson, Jordan and Harrison, management engineers. Mr. Lind's opinions, though based in part on his experience as a government official, are strictly personal and should not be considered as legal advice, nor do they necessarily reflect the present views of the Board.

And while your mind is on the labor question you might turn to the article by **PERCY C. MADEIRA** to find out what strikes and belligerent union officials have done to the anthracite coal business. Mr. Madeira is a prominent Pennsylvania coal operator who served as president of the Anthracite Coal Operators' Association from 1916 to 1925.

LOUIS JOHNSON, Assistant Secretary of War and former national commander of the American Legion, is in private life a lawyer in Clarksburg, W. Va.

JAMES HARVEY ROGERS is a professor of political economy at Yale and author of various treatises on money. He is a member of the Economic Committee of the League of Nations and studied the silver situation in China and India as a representative of our Government two years ago.

MARGARET BOURKE-WHITE is famous for her skill in taking commercial photographs. Her pictures appear frequently in publications and advertising material.

EVAN WALKER is Commercial Agent for the Indianapolis Railways.

Next month there will be an article on the mysteries of governmental bookkeeping and the difficulty of actually determining what use is being made of government funds. In the "Yankee Fight for Flood Control," Charles Morris Mills will tell how New Englanders are struggling to prevent the Government from making another TVA out of the small dams and reservoirs in the Connecticut River Valley Area.

In another article Dean Russell of Columbia Teachers College warns business men to find out what they get for the money spent on education.

The 'Phone Girls have a line on You . . .



"I heard Mr. Hicks say this morning that he wishes he were twins. Sure he's busy. But it strikes me that he makes two passes at every bit of work he tackles. Mary, his secretary, has it doped out. Says that if he could do *once* the things he now does *twice* he'd have more time to bring in new business, more time for planning, more chance to be himself instead of the pleasant busy-bee. She says he needs an Ediphone.

"An Ediphone *does* wonders for the big Boss upstairs. It's there at the side of his desk every minute of twenty-four hours a day. He picks up the receiver and talks his mind. Gives memos. Registers future dates. Reserves theatre tickets. Records telephone conversations. It isn't just a matter of dictating letters—it's a question of being a valet for every

kind of mental work he does. And think what it would mean to Mary if Mr. Hicks were to take up Ediphone Voice Writing . . .

"...It would mean she'd have time to carry out one set of instructions while he's telling the Ediphone something else. She'd avoid that 3 to 5 o'clock rush and do all her work better. Really, Hicks is a swell guy—but he's too busy now to get his business done properly. I think he ought to listen to Mary and at least give himself a chance to try Voice Writing."

An Ediphone increases your personal business capacity 20% to 50%. Use it for every activity where "your voice points the way". Investigate! Telephone the Ediphone, your city, or write Dept. N4, Thomas A. Edison, Inc., West Orange, New Jersey.

SAY IT TO THE



Ediphone

EDISON VOICEWRITER

PREFERENCE FOR EDIPHONE PERSISTS



A BARRIER OF STEEL

UNFAILING INDUSTRIAL PROTECTION

by Stewart

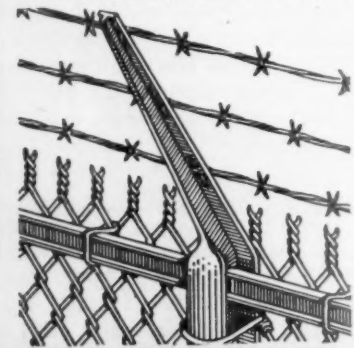
A Non-Climbable Chain Link Wire Fence, by Stewart, is effective lifetime protection. It is an insurmountable, trouble-free barrier giving continuous, dependable protection every hour of the day, against trespass and vandalism. Guards property, equipment, employees, brings peace of mind and security to owners.

Illustrated is a typical Stewart industrial installation and a close-up of Stewart Oval-Back I-Beam line post with integral (one piece) extension arm—an unbreakable unit—the heaviest and strongest chain link fence post on the market! This is but one of the many outstanding features exclusive with Stewart.

Catalogs giving full details of all beam construction and numerous other structural superiorities not found in any other fence, await your request. Mail the coupon today.

Sales and Erection Service in all principal cities.

THE STEWART IRON WORKS CO., INC.
515 Stewart Block Cincinnati, O.
"World's Greatest Fence Builders Since 1886"



Stewart IRON and WIRE
FENCES

The Stewart Iron Works Co., Inc.
515 Stewart Block, Cincinnati, Ohio

Please send catalog checked below
☐ Industrial ☐ Residential

Name.....

Address.....

City.....

MEMO . . . for Busy Readers

- 1• "King of the Soap-boxers" 2• Wages rise but prices fall
3• Horse trading goes modern 4• Cities pool purchasing power 5• Unemployment compensation begins

Texts from a Soap Box

SOAP BOX oratory was no figure of speech to Fred M. Wilkes. When he died at the age of 77 in New York his career as an informal outdoor speaker stretched back 55 years. Other haranguers of street crowds dubbed him "king of the soap-boxers." It all began in Hyde Park, London. Son of a well-to-do brewer, the "super-man" idea of life took hold of him. He decided to tell the world about it. In turn, he was a cooperative socialist, anarchist, Fabian socialist. He headed an organization of his own, the "super-crats."

In 1885 he came to the United States, said he was a "sifressor," a teacher of professors. Chicago knew him as the founder of the so-called Temple of Wisdom. Geniuses are made, not born, he contended. Too much credit to friends brought swift bankruptcy to the "superite" restaurant he opened in New York while the war was on.

Chief distinction he claimed was organization of the sit-down strike idea. Years ago, he said, he coined the motto "S.I.B.-R.I.P."—stay in bed, rest in peace. If the workers who felt they had a grievance would just take to their beds and stay there, he argued, the intelligentsia would rally to their cause and public opinion would force a quick settlement.

Swapping Still in Style

BEFORE the automobile, the "swapping" of horses was a familiar sight. Half a million or more horses might be traded in the United States in a single year in the horse and buggy era. Compared with the current automobile "swapping," horse trading in this country was a limited undertaking. Approximately 9,000,000 automobiles were traded last year in the United States, according to reports to the American Petroleum Industries Committee. Although only a small part of the population in the old days owned horses, now two out of every three families own and operate automobiles.

Sales last year approximated 3,900,000 new passenger cars. Used-car sales are estimated to have been more than 7,000,000 making a total of more than 10,000,000 deals. In view of registrations, which increased about one and

one-quarter millions in 1937, close to 9,000,000 of the passenger cars were "swaps."

Most of the millions of motorists who "swapped" one used car for another last year earn less than \$30 a week. Most of them have never owned a new car because of their limited income. The cars they operate have relatively small value, many of them rating less than \$100. They pay, however, the automotive taxes now averaging about \$50 per motor vehicle the country over. Of that, about \$30 goes for state and federal gasoline taxes.

High Prices Washed Up

WASHING machine makers are proud of their production and price record—73.7 per cent rise in output, 1926-1937, and 50.8 per cent price reduction. Accomplishments all the more notable, they explain, because of steady increase in tax payments and wage scales the highest they have ever paid. Says the American Washing Machine Manufacturers Association:

... if the household washer industry had sold its machines in 1937 at the rate it did in 1926 . . . housewives would have paid \$146.98 each for them, instead of the \$72.24 average retail price at which the 1937 production actually was sold.

If the production level of our industry for 1937 was the same as the year 1926 we would have manufactured only 843,685 electric washers instead of 1,465,405 which housewives actually purchased in 1937.

A way of saying that low prices with high wages are possible when mass selling can be sustained.

Co-op Buying by Cities

CENTRALIZED purchasing, practiced in approximately 230 city and 36 state governments in the United States, will be tested this year in Pennsylvania. Under laws passed in 1937, cities, counties, boroughs and townships may turn to the newly established State Department of Property and Supplies for prices and other information about the commodities they must buy, and for negotiation of contracts with the vendors supplying the state which will permit municipalities to get the benefit of the same prices paid by the state.



"COURT REPORTER, take the stand!"



Q. "You are specially qualified to testify about typewriters, are you not?"

A. "Yes, sir. Day in and day out, Court Reporters probably drive their typewriters faster and longer than any other class of users."

Q. What qualities do you require in your typewriter?

A. First, SPEED — to get the day's testimony transcribed in time.

Second, EASY ACTION — to lighten the load of a long day's typing.

Third, DEPENDABILITY — because we can't afford breakdowns.

Fourth, LOW UPKEEP — because it comes out of our own pockets.

Q. You pick out whatever typewriter you want, for yourself?

A. Yes — and pay for it ourselves, too. You see, we're paid by piece work, so our machines have got to produce at the lowest cost.

Q. Is there one make of typewriter preferred by Court Reporters over all others?

A. Yes ... very clearly. More L C Smith typewriters are used by Court Reporters than all other makes combined! And Court Reporters use nearly three times as many L C Smiths as any other one make!*

Q. Is this marked preference of yours for L C Smiths of any significance to business generally?

A. I should think it ought to be. When hard users like Court Reporters have independently chosen this one machine, in many different cities — and on no other basis than results — I should think lots of business houses could take the tip. We've done their testing for them!

*We surveyed all Court Reporters of record in every United States city of 100,000 population or over . . . and can verify from the survey all the statements made above.

Ask any L C Smith Branch or Dealer for
free demonstration, right in your office

THE NEW
Super-speed **LC SMITH**



L C SMITH & CORONA TYPEWRITERS INC SYRACUSE N.Y.—Makers also of CORONA, the first PORTABLE TYPEWRITER

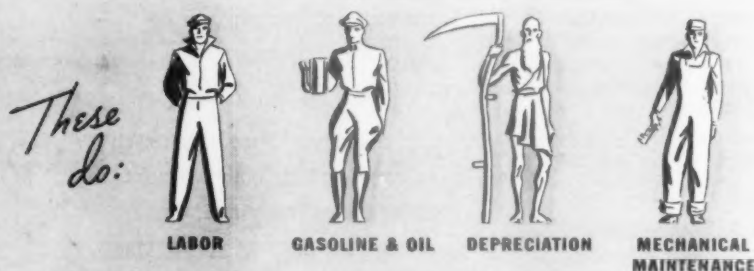
**Rx For Immediate
Increase in Truck Profits**

.. reduce your TIRE EXPENSE

You operate trucks, of course, to make money.

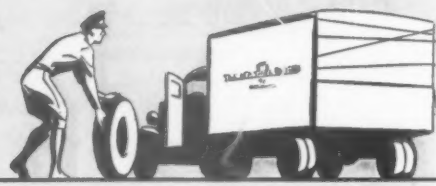
And the money you make is whatever portion of your truck dollar that is left after all expenses are paid.

Now who gets a slice of your dollar?



Try as you will, the possibility of reducing the slice these get, is mighty small.

*But there's still
another slice that
goes to:*



TIRES



AFTER THESE 5 GET THEIRS, YOU GET YOURS

This tire item is the *only one* that can be reduced easily and quickly. And as you reduce it, *your* profit slice increases.

The formula for decreased tire costs? Use the best tires you can buy and take good care of them.

General Truck Tires have always been built stronger—to do their work better—deliver greater mileage and haul more payload.

It costs more to build a General, but thousands of truck operators know it costs less to use Generals. See your General Tire dealer. He may be able to reduce your tire costs materially.

THE GENERAL TIRE & RUBBER CO. • AKRON, OHIO

In Canada—The General Tire & Rubber Co. of Canada, Ltd., Toronto, Ont.

GENERAL TRUCK TIRES

Municipalities in Pennsylvania have also just obtained legislative authorization to establish joint purchasing agencies so that the governmental units within a single county can pool their purchasing power and thereby obtain the price and other advantages of large-quantity buying.

Cooperative municipal purchasing has been making definite progress in other jurisdictions. Leagues of municipalities in nearly a dozen states, according to the Governmental Research Association, are effecting savings for member cities by purchasing commodities in quantity lots. The Michigan Municipal League, first of these state groups to do centralized buying, now purchases for more than a hundred municipalities fire hose, electric light bulbs, water meters, traffic paint, fire extinguishers and street signs.

States Begin Jobless Pay

THIRTY cities will have put their unemployment compensation systems into operation before the end of 1938. Twenty-one states and the District of Columbia began paying benefits in January.

Workers recently laid off will be first to benefit from unemployment compensation reserves that total more than \$437,000,000 for the 22 jurisdictions. Several factors, says the American Public Welfare Association, indicate need for supplementary relief:

1. The "time lag" between layoff and payment, which includes a variable waiting period of two to four weeks before the unemployed worker's application for benefits becomes active, plus the lapse of a week or two until the first benefit check comes through;

2. The fact that the benefit may be so low (in some states it is only \$5 a week; the maximum is \$15) that it cannot provide for a family caught without cash reserves;

3. The unsettled business conditions that may make it impossible to restore jobs to the newly unemployed before their benefit period of 12 to 20 weeks expires, thus necessitating a turnover to direct relief.

Unemployment insurance is designed to cushion the financial shock to job losers while new work is being sought, the Association points out, and it cannot be expected to solve abnormal situations. Amendment to some state laws with respect to administration of the waiting period and the size of benefits may be needed.

States in which unemployment compensation systems began paying out as of January 1 are: Alabama, Arizona, California, Connecticut, Louisiana, Maine, Maryland, Massachusetts, Minnesota, New Hampshire, New York, North Carolina, Oregon, Pennsylvania, Rhode Island, Tennessee, Texas, Utah, Vermont, Virginia, West Virginia (and the District of Columbia). Employees covered are estimated to total about 12,000,000.

Other states that will begin paying benefits during 1938 are: Indiana and Mississippi, April; Iowa and South Carolina, July; Idaho, September; New Mexico and Oklahoma, December. Arkansas, Colorado, Delaware, Florida,

Kansas, Kentucky, Michigan, Missouri, Nebraska, Nevada, New Jersey, North Dakota, Ohio, South Dakota, Washington, Wyoming, and Alaska and Hawaii, begin payments in January, 1939; and Georgia, Illinois and Montana, in July, 1939.

"X" in Weather Costs Cities **ALTHOUGH** it is known that snow-belt cities, small and large, spent millions last winter for snow removal and ice clearance, it was impossible for any given city to estimate what the cost would be this winter. The reason: weather's unpredictability.

Snow and ice-fighting expenditures for 1936-37—a mild winter—in *per capita* terms for a sample dozen cities ran from six cents to \$2.29. The importance of the expenditure is shown in the fact that cities in many cases spend more for snow removal than they spend for street cleaning. Four of the northernmost cities, for which the American Public Works Association had figures, last winter spent three times as much for snow removal as for other kinds of street cleaning.

A report prepared by the Association emphasizes the necessity of organizing a course of action against anticipated emergency. Man-power and equipment should be allocated so that when the emergency develops, orders can be followed with machine-like efficiency. Since few cities have enough employees and sufficient equipment in the street cleaning department to take care of a big snowstorm, it is suggested that they utilize employees of other municipal departments—water, refuse collection, park maintenance and engineering. Other sources for supplementary labor, which must be carefully supervised, include relief labor agencies and unemployed and floating labor groups.

Spread of Hours Laws **TWENTY-TWO** states and the District of Columbia now have minimum wage laws, and that 19 states and the District of Columbia have general maximum hour laws applicable to women, though all but a few non-industrial states have some sort of hour limitation in specified occupations.

The 22 minimum wage states (most of whose laws apply only to women) are: Arizona, Arkansas, California, Colorado, Connecticut, Illinois, Massachusetts, Minnesota, Nevada, New Hampshire, New Jersey, New York, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Dakota, Utah, Washington and Wisconsin.

Most of the general state hour laws, like the wage laws, apply only to women. Last year Pennsylvania reduced its maximum from 54 to 44 hours a week, and made the new standard apply to men as well as women. North Carolina established a ten-hour day, 55-hour week for men, reduced women's hours from ten to nine daily and from 55 to 48 weekly.

There is an active trend toward extension of hours laws, the Council of State Governments reports, although there is noticeable variance in coverage, appli-



P. M. promotes steno socially!

ETHEL was the one-girl stenographic department in a three-man branch office where nine forms were filled out for everything and carbon copies had to go to a flock of the firm's factories.

When the salesmen finished their day, Ethel started sending the mail. With stamps to stick and all the envelopes to seal, Ethel was always stuck until after six—never had time to freshen up before meeting the boy friend. The job was getting her down!

Then her friend Sophie, a smart fluff who worked in another office, told her: "Don't be a dope! Set up a squawk for a Postage Meter Mailing Machine. It prints the postage and seals envelopes just like anything."

So Ethel squawked until they got her a pretty little red Model H Postage Meter Mailing Machine. The mail is a mere trifle now, and her social life has snapped up considerably.

Moral: Smart stenos everywhere plug for Postage Meter!

THE POSTAGE METER mailing machine imprints postage, postmark and an advertising slogan on your business mail; seals and stacks envelopes neatly, swiftly, efficiently; cuts mailing time and clerical work. And Metered Mail skips three postoffice operations, can make earlier trains. Does away with adhesive stamps, makes postage control absolute, postage accounting easy; and usually shows postage savings. The Meter is set by the postoffice upon the payment of funds for postage, and prints meter stamps until the payment is used up. Positively stops stamp losses and thefts. Models for every size office and mailing requirements. Ask for a **FREE** demonstration period in your own office!

THE POSTAGE METER CO.

851 PACIFIC ST., STAMFORD, CONN.

*Branches in principal cities
Consult your telephone directory*

THE MODEL H is suited to small offices; operates electrically or by hand; carries ten denominations of postage; prints on tape for mailing packages. Meter detaches easily. Extremely simple in operation. Larger models available for any mailing requirements.

PITNEY TRADE MARK **METERED MAIL** **BOWES**



Do you ever stop to think how rarely, if ever, your telephone fails? Good telephone service is the result of an unusual combination of operating skill and dependable equipment. Our part is the equipment.

Edgar A. Bloom
PRESIDENT

Built for Service

MOST people take their telephone pretty much for granted.

Though rugged in construction, it contains no less than 248 separate parts which must fit together and function with such mechanical and electrical precision that you can talk over it—through the nationwide network of wires and cables and switchboards of the Bell System—anytime, anywhere.

One reason why this is possible is because the Western Electric Company, the manufacturing unit of the Bell System, makes telephone equipment in which service is the first consideration—since this equipment is built for long life and low maintenance cost. The telephone companies acquire this apparatus at favorable prices made possible by the economies of large scale production and Western Electric's policy of moderate profits.

The savings which your telephone company thus makes on its equipment help to offset increases in taxes, wages, and other elements in the cost of providing an increasingly complex service.

Thus Western Electric contributes its part in making Bell Telephone service dependable and economical.

Western Electric

BELL SYSTEM SERVICE

IS BASED ON

WESTERN ELECTRIC QUALITY

cation and number and extent of exceptions allowed.

How To Share Your Profits

HAS profit sharing a place in a personal program?

Suggestive answers are contributed by C. Canby Balderston of the Wharton School of Finance and Commerce, University of Pennsylvania, in his book, "Profit Sharing for Wage Earners."

Topical discussions include: The objectives of profit sharing, the types of business to which it is suited, the financial factors to be taken account of, guiding policies, and the best type of plan.

His text is based on a study of nearly 200 plans, 92 of which are summarized in the appendix, and on consultation with many managements. Three plans are reproduced in full as examples of the type of profit sharing regarded as most desirable.

The book is published by Industrial Relations Counselors, Inc., New York City, and sells for \$2.

Off-street Parking

HOW to keep busy thoroughfares free for moving traffic is a persistent problem.

Seeking solution, several cities have turned to off-the-street parking space.

For motorists who do not run their cars into commercial parking lots or garages, various cities are now (1) using metered parking, at a small hourly fee which takes care of the short-time or transient parker; (2) requiring off-street parking facilities before issuing building permits for theaters, office buildings and apartments; (3) renting or taking over through tax-lien space for municipal parking lots.

New York, seeking to relieve traffic-choked Manhattan streets, has put into effect an express traffic plan by which ten selected streets carry cross-town traffic. Parking is prohibited on these streets, with strict enforcement promised. A proposal for a city parking authority to build and operate parking garages is up for official study.

Cities that have made comprehensive surveys have discovered surprising information on parking, reports the American Society of Planning Officials. A transportation study made by narrow-streeted Nashville, for example, showed that all parking could be banned on the streets of the central business district without inconveniencing motorists. Although there were 2,240 curb spaces for legal parking at one time, only 680 cars could be accommodated in unrestricted spaces.

Detroit found that even with the open-air parking space available because of depressed real estate, off-street parking accommodations in the congested district provided space for only 32,143 vehicles, and that there were only 2,724 curb spaces for unlimited parking.

No. 1 Landlord

"THE Best Landlord in the United States" is the unusual honor recently bestowed

upon Harry Suchin, apartment house

owner of Dobbs Ferry, N. Y., by his tenants and former tenants. They treated Mr. Suchin to a birthday party to attest their regard for him as a landlord. Some of his former "customers" came to the party from as far away as Washington and Philadelphia. More than half of the 54 families in his apartment house have lived there since it was constructed 10 years ago.

Mr. Suchin has a simple rule that he says never fails him in his relations with tenants. "From my father and mother I learned that there are two parties to every deal," he remarked, "and one should not expect more from the other than he would give. They also urged on me patience."

Meatless Days

MEAT men have something to say in reply when it comes to unfavorable price comparisons of their products with others. When Homer Martin, president of the U.A.W.A., suggested meatless days to auto workers as one way to combat the high price of meat, Ralph H. Harris, livestock association leader, came right back with a proposal that farmers and stock raisers observe a "Keep-the-old-Car Week."

"I am convinced we can get along without motor cars about as long as they can get along without meat," said Mr. Harris.

But of course Mr. Martin would say that he is interested only in wages, not the sale of automobiles. His organization has not indicated much awareness of the connection between the two.

Embarrassing Facts

THE power trust as a great octopus sucking at the very life-blood of the nation has long been a favorite theme for the pitch men of politics. But caution made the politician stick pretty closely to generalities. As long as he could flog this devil of corporate wealth in general terms he was safe. Recently, however, in spite of this strategy, the discussion occasionally has been forced into the dangerous area of facts.

In the Town Meeting of the Air debate between Wendell Willkie, president of the Commonwealth and Southern Company, and Robert H. Jackson, then assistant to the Attorney General of the United States, Mr. Willkie adduced the fact, most disturbing to his opponent, that "On an average, the American pays nine cents a day for electricity, or less than the government tax on a package and a half of cigarettes."

The same debate brought from a listener this embarrassing question to the Assistant Attorney General:

"Has it occurred to Mr. Jackson that the prices quoted for government power do not include interest on the capital invested in the form of the taxpayer's money, nor provision for amortization of the debt? In other words, an incomplete balance sheet is presented to the American public and endorsed as *bona fide* by the Government."

To which Mr. Jackson answered that he was not an accountant and not familiar with either T.V.A. or private utilities accounting.



WHY SHOULDER NEEDLESS BURDENS?

Many executive burdens would lift immediately if you could be sure of the safety of your receivables. Credit Insurance puts you in that enviable position.

You can drive ahead fearlessly when you know that your plans will not miscarry because of unexpected credit losses; when you are certain that capital will not be lost or endangered by insolvencies or frozen in delinquent accounts; when you know that sales mean definite profits.

Credit Insurance acts as an automatic "referee" in controversies between credit and sales departments. There is less chance of unwise credit granting -- or of desirable business slipping through your fingers.

American Credit Insurance

covers insolvencies of all kinds, protects you on "77-B" reorganizations, reimburses you promptly on delinquencies.

Policies available to Manufacturers and Jobbers include general coverage, individual debtors, special groups, non-rated firms, etc. Any American Credit representative will gladly give you full information.

AMERICAN CREDIT INDEMNITY CO.

of New York

J. F. McFadden, President

Chamber of Commerce Building

St. Louis, Mo.

Offices in all principal cities of United States and Canada

Teaching the Value of Industry

MINNESOTA cities and rural areas unite in a campaign of education to demonstrate the need of pay rolls and the best methods to get and keep them

MINNESOTA is not waiting for industries of the state to solve their own problems.

It is going out to help them.

The business men have got busy. Like the shot heard 'round the world, the call to arms for action in behalf of industry has reverberated throughout the state.

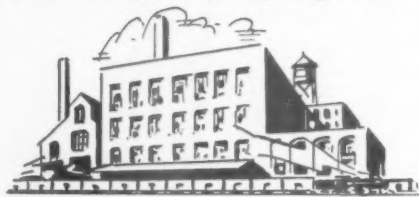
Executives of great manufacturing companies, small storekeepers, newspaper men, chamber of commerce officers, and civic-minded citizens have joined the movement to call attention to the need for industry in any and all communities.

The approach to the problem of building industry as worked out by business men of Minnesota is unique in several ways. One distinctive feature is that the idea came from the country rather than the metropolitan centers. The reason for this may be found in the figures on industry which show that nearly 47 per cent of the state's industrial employment is outside of the three large cities of Minneapolis, St. Paul and Duluth. As a matter of fact, a newspaper publisher in a town of 3,000 people is the self-starter on the industrial engine so far as this program is concerned.

In Minnesota the leaders of the program are working in remote sections as well as in the large cities to acquaint the man-on-the-street with the importance of industry to the state as the first move in a long-term plan to build present industries and attract new ones in the second phase of its development.

The state-wide program now being worked out unit by unit was welcomed as an approach to solution of a serious problem nearly a year ago in the deliberations of the Greater

What An Industry Employing 150 Men Means



A Plant Investment of \$100,000



The Support of a Thousand People



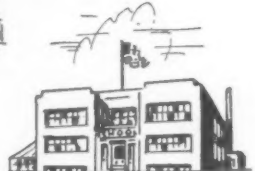
An Annual Payroll of \$200,000



A Dozen Stores



Sales and Service for 200 Automobiles



A Ten Room School House



Public Improvements



Opportunity for a Dozen Professional Men



\$60,000 Annually for the Railroads



An Annual Expenditure in Trade of a Million Dollars



Yearly Markets for \$300,000 in Agricultural and Other Farm Products



A Taxable Valuation of a Million Dollars

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One of the sketches prepared by the Inter-Organization Committee for the Economic Development of Minnesota to demonstrate the value of industry to everybody in the state

NEW YORK LIFE INSURANCE COMPANY

A Mutual Company Founded April 12, 1845 . . . Incorporated in the State of New York . . . 51 Madison Avenue, New York, N.Y.

THOMAS A. BUCKNER, *Chairman of the Board*

ALFRED L. AIKEN, *President*

A BRIEF DIGEST OF THE 93rd ANNUAL STATEMENT, DECEMBER 31st, 1937

During the year 1937 the Company paid to policyholders and beneficiaries \$191,000,000, bringing the total of such payments for the past ten years to over *two billion dollars* . . . New insurance issued, \$477,000,000, an increase of \$26,000,000 over 1936 . . .



Insurance in force, \$6,770,000,000, a gain of \$109,000,000 . . . Included in liabilities is a Special Investment Reserve of \$40,000,000, and a Reserve of \$39,900,000 for dividends to policyholders in 1938 . . . Surplus for general contingencies, \$124,000,000.

ASSETS

Cash on Hand, or in Bank	\$64,231,858.43
United States Government, direct, or fully guaranteed Bonds	512,300,999.54
State, County and Municipal Bonds	254,845,789.65
Canadian Bonds	59,771,724.10
Railroad, Public Utility, Industrial and other Bonds	576,334,340.82
Preferred and Guaranteed Stocks	81,644,201.00
Real Estate Owned (Including Home Office)	140,089,034.62
First Mortgage Loans on Real Estate (Including \$2,265,334.31 foreclosed liens subject to redemption)	414,284,562.41
Policy Loans	355,265,818.60
Other Assets	61,581,887.19
TOTAL	\$2,520,350,216.36

LIABILITIES

Insurance and Annuity Reserve	\$2,063,058,950.00
Present Value of Future Instalment Payments	112,255,214.65
Dividends Left with the Company at Interest	107,197,578.67
Other Policy Liabilities	14,915,390.91
Premiums, Interest and Rents Prepaid	11,072,545.41
Miscellaneous Liabilities	2,850,269.51
Special Investment Reserve	40,000,000.00
Reserve for Taxes	4,972,037.23
Reserve for Dividends payable to Policyholders in 1938	39,989,051.00
Surplus funds reserved for general contingencies	124,039,178.98
TOTAL	\$2,520,350,216.36

As prescribed by the State of New York, bonds eligible for amortization are carried at their amortized values. Other bonds and guaranteed and preferred stocks are carried at market values as furnished by the National Association of Insurance Commissioners. \$36,984,088.90 of securities, included above, are deposited as required by law.

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THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

EDWARD D. DUFFIELD, President
Home Office: NEWARK, N. J.

Northwest committee of the Minneapolis Civic & Commerce Association.

Members of this committee in their work of finding ways to build the northwest agricultural section from Minnesota to Montana learned that thinking business men in all parts of Minnesota were seeking a means of bringing home to the people the fact that industry was of prime importance to their welfare and that of their children.

After meetings held throughout Minnesota, supplemented with favorable action by important civic groups, a committee of 20 business men was formed to lay out the procedure for retaining and increasing industry and employment in the state.

They decided at the outset on a name which would serve the double purpose of describing the organization and "sell" its objectives to the people. They called it the "Inter-Organization Committee for the Economic Development of Minnesota."

What the group stands for

THE group's next order of business was an expression of principle:

This committee has proposed the formation of a permanent organization to deal frankly, impartially and constructively with all of the elements which concern the development and prosperity of Minnesota.

The business men quickly decided that the best means of disseminating information to every community of the state was to present the tangible facts in a booklet showing both the good and the bad in the state's industrial situation. This booklet, which bears on its cover the title, "The Retention and Development of Industry in Minnesota," is now available. Throughout its 36 pages, tables and graphs assist the text in showing the reader at a glance just how the state stands today industrially.

The book has already run into its fifth printing with the demand coming from all sections of the state. Large companies buy copies for their employees, clubs get them for members, and individuals buy the book for their own information.

L. A. Rossman, publisher of the *Herald-Review* of Grand Rapids, Minn., spent months gathering material for the booklet. Most of the figures used in the presentation are from U. S. Census Bureau tables on industry.

While the booklet was being prepared, the organization opened an office in Faribault, with George J. Bassingwaite, secretary of the Faribault Chamber of Commerce, as secretary. From this office in one of Minnesota's real industrial towns boasting 30 factories, the booklets are

being distributed. The booklets are designed to afford committees in the local communities information on which they can build educational campaigns such as are being carried on in Minneapolis, St. Paul and Duluth, the three largest cities.

Industry is found in every part of Minnesota. The visitor sees evidence of factory pay rolls on entering the state from the south at Winona, Austin, Albert Lea and other towns. A substantial community is supported by industry on the northernmost boundary of the state at International Falls bordering Canada.

The Inter-Organization Committee plans eventually to reach out to each of these widely separated industrial communities with the message of opportunity for progress by pay rolls.

Mr. Rossman himself came to Minneapolis to put the forces of development into motion. Once he had laid the groundwork, the job has been carried on by a crew of volunteer speakers recruited from the departments of the Minneapolis Civic & Commerce Association, the Council of Civic clubs, a section of the Association. Leaders of industry responded readily to the Council's suggestion that they accept speaking dates and, as a result, the importance of industry to Minnesota is stressed before some group almost daily. Sometimes three or four assemblages are held in one day.

The speaking program in Minneapolis divided itself naturally into two parts:

First: the explanation of the Rossman plan for the state.

Second: the painting of the Minneapolis industrial picture by leaders in the city's industries.

Through special arrangements made by the Civic and Commerce Association, the daily papers are carrying stories on the addresses delivered by Minneapolis industrial executives. Through this medium the story of bigger pay rolls is being carried direct to nearly 500,000 daily newspaper readers throughout the Northwest.

A united front

ONE of the high spots of the program was a meeting held in Minneapolis at which the objectives of agriculture, industry and labor were presented by leaders in these three economic fields.

Speaking for agriculture was J. S. Jones, secretary of the Minnesota Farm Bureau Federation. W. C. MacFarlane, president of the Manufacturers' Association of Minneapolis, Inc., and former member of committees of the Chamber of Commerce of the United States, presented the picture for industry, while George W.

Lawson, secretary of the Minnesota State Federation of Labor, revealed the attitude of labor toward working out a sound objective for the common future of all elements in the social development of Minnesota.

At present no date has been set for termination of the speaking campaign and booklet distribution. These activities will be carried on until the uses of this unit of the program have been fulfilled. The next phase of the plan will be developed with the same care and preliminary study.

Along the same lines, the business men of Minneapolis are thinking about the future steps they will take to capitalize for their city on the state-wide campaign of education of the people for the benefit of industry.

At the same time they are pointing with pride to the example which Minneapolis has set for other communities to advance their own interests by tying in with and localizing the community programs which come under their observation.

History of a Truck

IT'S AN old story that the automobile started a chain of prosperity which extends through many strata of our economic life. Just how it does this is well illustrated in the life history of a truck published recently in *Bakers' Weekly*. This was a 1½ ton truck purchased by a baker in 1929, at an initial cost of \$1,254. In its eight years of service, covering a mileage of 134,722, or 60 miles each working day, the total costs of operation were \$25,715.

Included were \$2,322 for gasoline, \$186 for oil, \$470 for sundries, \$78 for batteries, \$1,582 for chassis parts and repairs, \$469 for body repairs, \$351 for painting, \$304 for license fees, \$557 for insurance, \$195 for supervision, and \$728 for garaging.

It will be noted that government received about 25 per cent of the purchase price of the truck in direct tax for licenses. But that is only a beginning of the tax load. The gasoline tax alone must have been nearly \$600, not to mention a long list of hidden taxes.

It probably is safe to say that, for every dollar the manufacturer received for that truck, government, local, state and federal, received at least another dollar, while all those who contributed to its upkeep were paid approximately \$19. It has been asserted that the average motor vehicle is paid for by its owner over again in special automotive taxes every four years.

BEFORE AFTER



THE DESK TEST*

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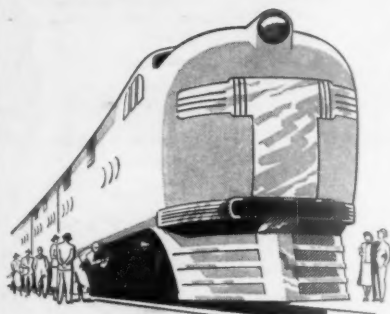
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Ride this **NEW** Streamliner to San Francisco!



**TWICE as big
TWICE as powerful
TWICE as luxurious**

It is difficult to avoid superlatives in describing the new Streamliner *City of San Francisco*. Its cost (including Pullmans) was \$2,500,000, and the result is a train surpassingly beautiful, supremely comfortable. It makes five round trips a month between Chicago and San Francisco on a schedule of 39¾ hours—*only one day and two nights en route!*

"GO ONE WAY RETURN ANOTHER"

When you go west, Southern Pacific invites you to go on one SP route and return on another SP route. Thus you see *twice as much* of the West as you would by going and returning on the same route.

Southern Pacific's Four Scenic Routes serve California, the Pacific Northwest, the fast-developing areas of Southern Arizona and Texas, and the picturesque Old South of Louisiana and New Orleans.

WRITE TODAY for our booklet, *How to See the Whole Pacific Coast*. Address O. P. Bartlett, Dept. NB-4, 310 So. Michigan Avenue, Chicago.

Southern Pacific

THE WEST'S GREATEST
TRANSPORTATION SYSTEM

Your Business as the Camera Sees It

(Continued from page 32)

dustrial prints were those taken independently for their artistic value.

If events of the past few years have shown anything with certainty, it is that industry is not a completed science. It has far more to learn about itself than it knows now, however voluminous the existing knowledge. This is not my own opinion. It is being shouted from the housetops by industrial leaders themselves as well as by critical economists and engineers.

There was too much emphasis on facts in a given situation, a given plant or a given industry, and not enough on their relation to the whole. I think the use business men are now making of photography proves that this attitude has undergone a tremendous change though it still persists in many places. The social point of view is developing. Business men are asking themselves how their plants fit into the national economic and social scheme.

Cameras find flaws

SPECIFICALLY they are looking for flaws instead of trying to hide them, so that they may be eliminated at a minimum of expense. In this process nothing is more valuable than the camera. It was enlisted first strictly for advertising purposes to sell a product or service to the consumer. But I happen to know that business men with open minds have frequently obtained more value from the prints they didn't publish than from the ones they did.

We are all familiar with that hardy annual of newspaper items, the story of the man who spent a year building a 30 foot cruiser in his cellar and then couldn't get it out except by tearing down the house. Far more costly mistakes are sometimes made by industry, particularly in a period of expansion. This is so because a business gets so big that no one man can see it as a whole. I have heard of buildings started under forced draught to expand one process, only for the executives to find that the location or rerouting interfered with another.

The camera reveals in almost every industrial plant things that interfere with the smooth flow of production, conditions of labor that may be improved with profit to men and management, danger points that should be eliminated. This use of it so far has been a by-product of the advertising or record keeping purpose. In

my opinion, however, it is destined to increase.

War, the oldest science utilizing force—another word for power of man or his machines—is sporadic and spasmodic. Industry is continuous, though its pace may alter. In ancient Mesopotamia 5,000 years ago military leaders knew that they must spy out the land before advancing or before determining where to dispose their forces. Industrial leaders can use the same technique.

Specifically, I have heard men say that if aerial photography had been available at the time the Panama Canal was built, it might have been possible to avoid or alter the direction of the Culebra Cut, thus saving millions in the removal of slides in the ensuing years. A topographical survey made by engineers may be accurate to the *n*th degree, but it cannot visualize a whole area in the same way the camera does.

A certain order is compelled in all human organizations in the long run by economic law, which many prefer to call the operation of social forces. System is not order, though the words are often confused. A system may fit perfectly into a whole organization like the beating of a sound heart, or it may go berserk like a cancer and still be a perfect system within itself.

The camera reveals the things so obvious that the eye has failed to observe them. The eye is habituated; the camera is not. The camera sees what is there. The eye, in greater or less degree depending on the intelligence of its owner, sees what it looks for or what it hopes to see. Who has not smiled at the fond parent finding only beauty in the face of an ugly child?

In common with most artists I believe the day will come when mankind will smile at the business man building an ugly factory. Beauty is harmony, ugliness, the lack of it. Harmony is the effect of which order is the cause. Many of the most intelligent persons in the world believe order can be established by imposing harmony.

This is a social question which we need discuss. The point is that, by the use of the camera, business can discover—and to an increasing extent it is doing so—the lack of order by the lack of harmony.

An industry that does not have order dies. The ones that survive force the set-up from within. I think the camera is helping the process from without.

Who Owns the National Debt?

(Continued from page 50)

ture value of the dollar as the private investor must be. They are obliged to repay depositors and beneficiaries only in legal tender dollars, not in what those dollars will buy when the debt is paid off, and if we do have ruinous inflation, the bonds will be just as good as money itself. In other words, government bonds and government money are much the same thing. But this answer begs the question, because it is the very process of changing government deficits over into bank deposits and life insurance resources which makes inflation a possible danger.

But there is another and almost equally serious objection to the current method of financing the Government's needs. It might have been more expensive and difficult to have sold bonds to private investors than to banks and life insurance companies, but at least in that case the financing of the depression would have been voluntary and not compulsory.

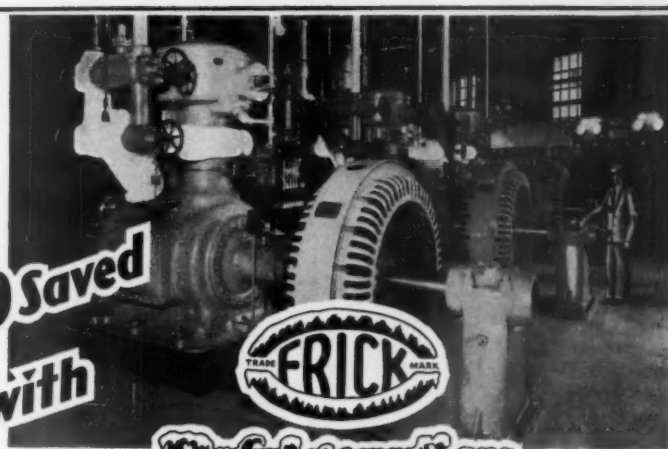
Would give savers a voice

IT WOULD have been done by those who believed in the policies being followed, and not arbitrarily forced upon millions of small savers who have not and do not know what has been going on. The point is put somewhat differently but very pointedly by the report of the Twentieth Century Fund's Committee:

Human nature being what it is, government officials tend to convince themselves that easy money is good for the country and are supported in that belief by millions of citizens who wish to borrow cheaply. Consequently the normal check on excessive borrowing imposed by rising interest rates is removed, or postponed, until the burden of debt has become too heavy to be borne.

It is commonly assumed that the principal reason why private investors have not bought government bonds is because the interest rate is too low. Another reason is that, with the exception of the Savings Bonds, no machinery has been set up to reach the private investor. A third reason may be that he does not have altogether complete confidence in the strength of the Government's credit, and prefers to have an intermediary between himself and government bonds, such as a bank or insurance company.

It is commonly assumed also, and undoubtedly true, that the principal reason why the Government has not



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Recent improvements in refrigerating machinery have been as remarkable as those made in motor cars. Give your business the advantages of modern Frick Refrigeration: write

FRICK CO.
DEPENDABLE REFRIGERATION SINCE 1892
WAYNESBORO, PENNA. U.S.A.

**69% RETURN
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Our records show that 69% of our guests return every thirty days.

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\$5 SINGLE -- \$8 DOUBLE**

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MANUFACTURERS seeking to reduce production and distribution costs will find many advantages in North Carolina. But North Carolina wants no one to seek location within its borders expecting long hours of work at low pay. Sweat shop operators are unwelcome! The advantages listed below enable industry in North Carolina to provide fair working conditions and fair wages. Managements, whose policy fits these conditions, will find a royal welcome in North Carolina.

North Carolina offers you:

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tax structure and State laws constructive to business

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Competent industrial engineers will supply facts relating to your business. Write Industrial Division, Room No. 37, Department of Conservation and Development, Raleigh, North Carolina.

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Outside the congested areas...
yet close to the richest markets.

tried to sell more of its bonds to private investors is because it has been able to sell them much more cheaply to banks and insurance companies.

Results are clear

BUT, whatever the reasons for the method followed, one result is only too transparently clear:

By borrowing almost exclusively from banks and insurance companies, the Government has not only been able to maintain an artificially low rate of interest but, even more, it has been extraordinarily successful in preventing any normal check upon excessive borrowing and it has avoided thus far any test of how the people really feel toward that borrowing.

One unfortunate result of keeping the rate of interest down has been to reduce bank earnings and the income of insurance companies. Tens of millions of small savers and life insurance policy holders have suffered in consequence. Life insurance premiums have gone up and dividends on policies have gone down. In-

terest on other kinds of bonds has been forced down by the Government's easy money policy.

But the all important question now is not whether savers, investors and life insurance beneficiaries are receiving as much return on their money as they are entitled to. What really matters is to keep these colossal trustee investments safe and sound to protect the great masses of the American people.

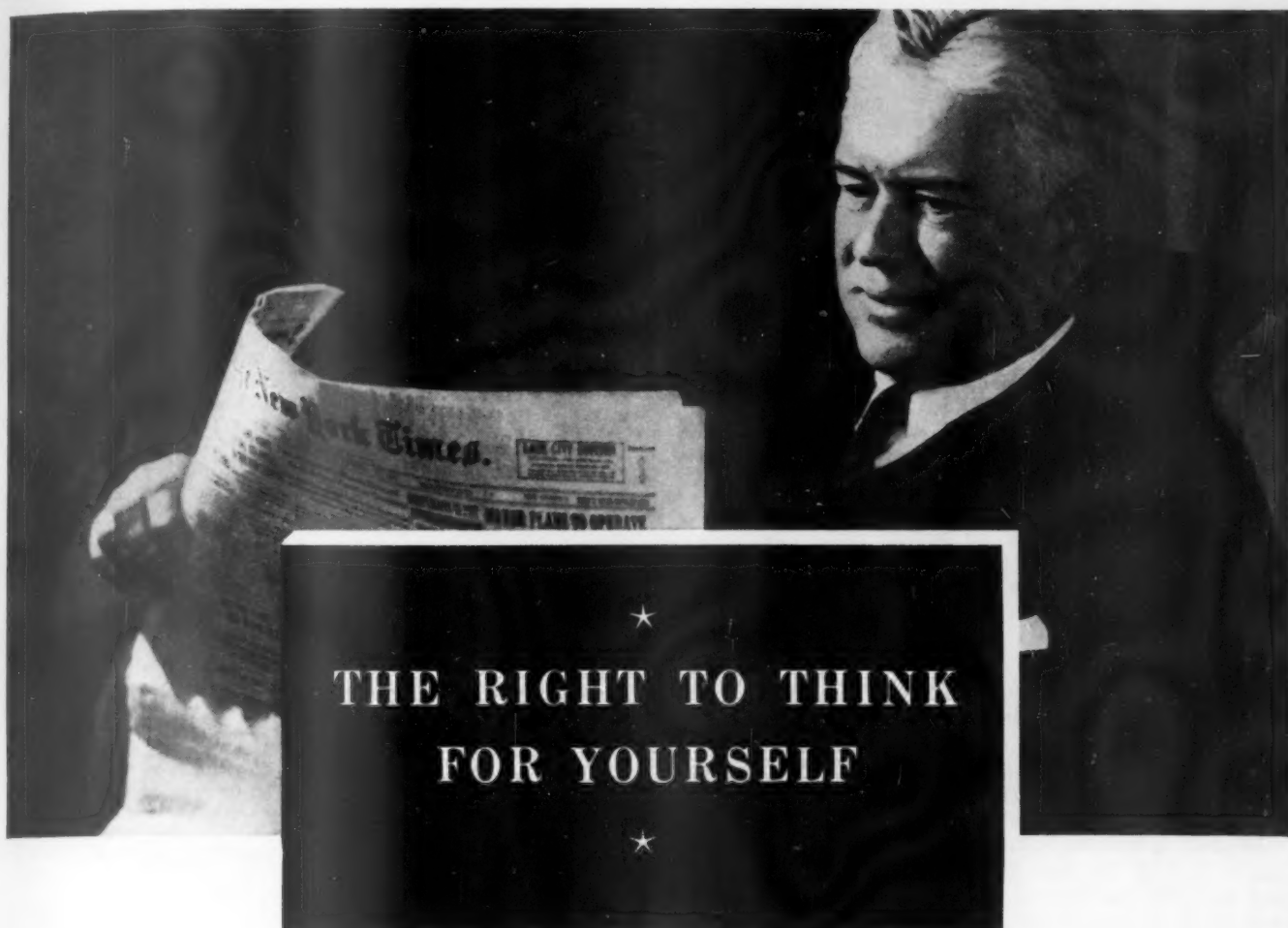
This is possible only if a halt is called to continued huge government deficits and borrowing. What shifts should or will take place in the ownership of these bonds in future years cannot of course be foreseen at the present time.

What can be seen right now is that, if these investments are to remain secure, the Government must develop an increasing ability and determination to meet its expenses more nearly out of revenues and depend less upon borrowing, especially from the banks and fiduciary institutions in general.



NEW YORK HERALD-TRIBUNE

Self-Help! What kind of silly old notion is that?



One of the reasons so many of the country's leaders read The New York Times in preference to other newspapers is that they actually get more *news* in The Times.

In 1937, for instance, The Times published 32,150,260 lines of news. This was 1,841,530 lines more than were published by any other newspaper. Exclude from the measure of other newspapers features extraneous to the news that do not appear in The Times—comics, puzzles, fiction and the like—and the news in The Times measured some 3,000,000 lines more than in any other newspaper.

This volume of news is significant. But of far greater significance is its character. Prompt, complete, factual—undistorted by

bias, suppression or sensationalism—the news report of The Times is universally recognized for standards of enterprise and performance that have never been surpassed. And among the first to recognize its superior qualities are leaders in the newspaper craft itself.

The greatest privilege of the American citizen is the right to think for himself. No matter who tries to *influence* his thinking—and many do—no one can *dictate* his thinking. No one can, that is, so long as he has access to the facts. By reporting more facts, by confining its interpretation to objective and reasonable explanation, The Times more than any other newspaper helps Americans exercise intelligently the right to think for themselves.

The New York Times

"ALL THE NEWS THAT'S FIT TO PRINT"

Chamber Studies the Labor Act

CONGRESS should at once undertake an extensive investigation of the results of the operation of the Labor Relations Act, in the opinion of a committee of the Department of Manufacture of the United States Chamber of Commerce.

In a report presented to the Chamber directors,* the committee declares that such an investigation is necessary to enable Congress to determine whether the public interest, as well as the interests of all parties directly concerned, would be better served by the repeal of the Act or by prompt correction of its manifest deficiencies.

The committee's studies reveal that, although expressly intended to diminish the causes of labor disputes, the Labor Relations Act has unquestionably led to many labor controversies that would not have arisen otherwise. It quotes government statistics revealing that there were more strikes in the first ten months of 1937 than in any of the past 20 and that more than 50 per cent of these controversies grew out of disputes about

collective bargaining and union recognition. Discussing this situation, the committee says in part:

Some government officials attribute the acute outbreak of strikes in 1937 to the widespread refusal of employers to recognize the rights assured to workers under the Labor Relations Act. As a matter of fact, certain of the "unfair labor practices" proscribed by the Act are so vaguely and ambiguously defined that no employer, however zealous he may be in trying to comply with the law, can be sure to avoid violating it.

Inspires controversy

MOREOVER, the Act itself has provided a direct stimulus to interunion controversies and to strikes for organizational purposes in situations where no violation of the statute by employers has even been alleged. In many instances, employees' rights of self-organization have been ignored by labor organizations seeking to force unwilling workers into their membership.

By way of example, the Labor Relations Board has so applied the Act as to prevent employers from bargaining at all for a considerable period with organizations representing their employees. The Act has also been construed in such a way as to require abrogation of an agree-

ment between an employer and a labor organization which subsequently was found, through a Board-conducted election, actually to represent the majority of the employees concerned. The Board has even held that an employer was violating the statute when he agreed to the terms of a strike settlement proposed by a state conciliation board.

Other instances might be cited to show the unanticipated effects of the Act in actual operation. Thus, the Board has held an employer in violation of the Act because he took steps to encourage collective bargaining among his employees. It has held another employer in violation because of acts to discourage collective bargaining and a third employer in violation because he failed to use his "control" over his employees to prevent them from intimidating a union organizer by whom they did not choose to be represented.

Instead of removing obstructions to commerce, one of the stated purposes set forth in the statute, the Act has been so administered as to interfere with legitimate management functions and to produce deterrents to the free flow of commerce. For example, enforcement of company rules intended to promote efficiency and continuity of production has been held to constitute an unfair labor practice when the employees affected were active union members.

In cases involving allegations that employees were discharged because of union activities, certain decisions of the Board have had the effect of encouraging employees to engage in soldiering and insubordination. Testimony presented in behalf of employers who had discharged employees on the grounds of inefficiency has been disbelieved for wholly contradictory reasons. In one case, the Board refused to give credence to a witness for an employer because of his obvious eagerness to testify; in another case because of an apparent unwillingness to testify freely.

Workers' views ignored

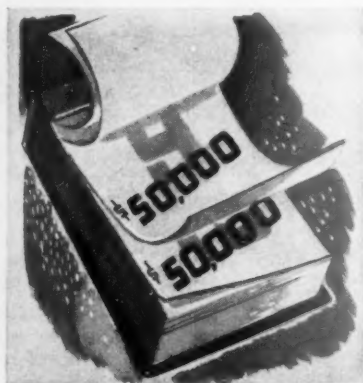
WITH regard to cases involving determination of appropriate units, the Board has, in a number of instances, disregarded the desires of substantial groups of workers for representation through labor organizations of their own choice. The Board has frequently used its power to designate the appropriate units in such a way as to require members of one labor organization to be represented for collective bargaining purposes by members of a rival organization.

These are among the reasons that have led not only employers but labor organizations as well to criticize both the Act and the Board's interpretations. The question thus arises:

Has the Board construed and administered the Act in such a way as to carry out the intent of Congress?

To the extent that the Board may have exceeded its jurisdiction or may have misinterpreted the Act in particular cases, the remedy lies with the courts. It would seem to be the function of Congress, however, to determine to what degree the purposes it desired the Act

*A copy of the report may be obtained by writing to the Department of Manufacture, Chamber of Commerce of the United States.



\$50,000 A DAY FOR TAXES

● Taxes on companies in the Associated System amount to \$18,191,860 a year or to \$49,841 a day—holidays included.

Gigantic as is this total, it is not so alarming as the rate at which the tax burden is increasing. For the 12 months ended October 31, 1937, the increase over the previous 12 months was 28.6%. In the past 5 years taxes on companies now in the System increased 77%.

Utilities wish to contribute their share to the cost of gov-

ernment. But when taxes on utilities become excessive, the industry's credit is impaired, and it is unable to attract all the funds necessary for new construction. As a result, service to customers may suffer.

TAXES INCREASE 77%

1932	\$10,242,037
1933	11,244,392
1934	13,052,284
1935	13,865,221
1936	15,250,813
1937*	18,191,860

* 12 months ended Oct. 31.



ASSOCIATED GAS & ELECTRIC SYSTEM

to accomplish have been fulfilled. For example, whether or not Congress so intended, the Act has prevented employers from taking wholly legitimate steps to protect their own employees from coercion and violence by labor organizations with which the employees have not wished to become associated.

An analysis of recent Board decisions indicating some of the problems faced by employers in trying to comply fully with the terms of the Act is made a part of the report which says in closing:

"Through investigation by the appropriate committee, ample evidence could be produced to enable Congress to determine whether or not any federal tribunal, no matter how competently staffed, could effectively administer a statute which requires the passing of judgment upon the motives and conduct of tens of thousands of employers in their day-by-day relations with individual employees and their representatives as well."

For Men at The Top

DOES the word "boss" suggest power undeserved? An advertisement of the great London house of Selfridge & Company thinks it does, and confides that the word in its modern sense was imported from this country "where it originally meant a person who pulled wires in political intrigue."

For that matter, it still means all of that, and the point of the advertisement is not the derivation of an Americanism, but in its display of the distinctions made between "boss" and "leader" by a British trade paper:

The boss drives his men; the leader coaches them.

The boss depends upon authority; the leader on good will.

The boss inspires fear; the leader inspires enthusiasm.

The boss says "I"; the leader says "we."

The boss says "Get here on time"; the leader gets there ahead of time.

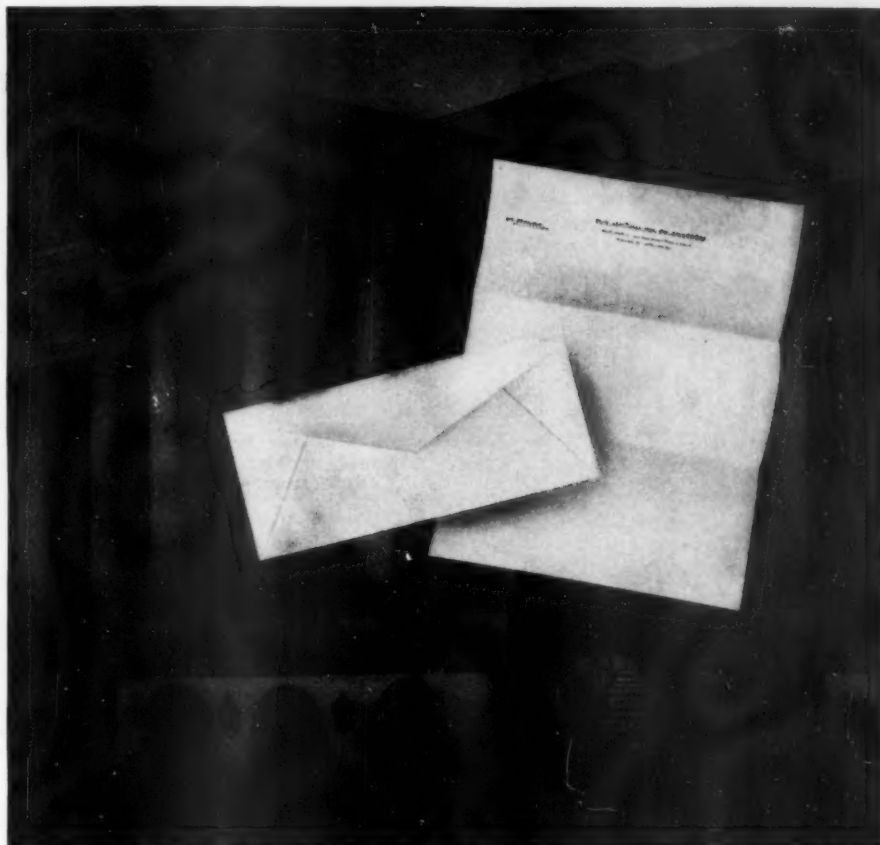
The boss fixes the blame for the breakdown; the leader fixes the breakdown.

The boss knows how it is done; the leader shows how.

The boss makes work a drudgery; the leader makes it a game.

The boss says "Go"; the leader says "Let's go."

How apt are the contrasts every executive may judge for himself. One certain fruit of managerial responsibility—whatever its designation—is that the tone and quality of its interpretation will permeate the whole organization for better or worse.



The Greenbrier Hotel chose Strathmore Letterhead Paper to represent the Greenbrier standard

Does your LETTERHEAD express your business prestige?

A traditionally famous hotel, the Greenbrier in White Sulphur Springs. Every detail of its service—perfect. And its letterhead—*letter perfect*, too.

Mr. Loren Johnston, General Manager, wanted a letterhead as fine as the classic columns of his portico, as fresh and crisp as his table linens, as pleasing as the rhythm of his dinner hour orchestra. The paper he chose was Strathmore.

Every business represents itself on paper. The prestige of that representation depends largely upon the *expressive* quality of its letterhead. A letter on STRATHMORE BOND* costs less than 1% more than the same letter written on the cheapest paper you might buy. And when you write a letter on STRATHMORE PARCHMENT, the finest paper that can be made, it costs only 2.9% more. At so little difference in cost, such extra effectiveness is true economy.

*STRATHMORE BOND, America's leading 25% rag content bond, formerly known as STRATHMORE HIGHWAY BOND.

THE STRATHMORE BUSINESS PERSONALITY CHECK LIST shows all the ways in which a business is seen and judged by its public, gives all the *appearance factors* important to *your* business. Write today for your copy of this check list to Dept. T4, Strathmore Paper Company, West Springfield, Massachusetts.

STRATHMORE

MAKERS
OF FINE
PAPERS

High Wages—But No Jobs

(Continued from page 26)

in. Lewis was a soft coal miner from Iowa with no experience in the anthracite field, but he was a fluent and dynamic talker. Already most large industries had adjusted their war-peak wage schedules or were then doing so. But Mr. Lewis ignored the fact that the anthracite schedule had been established as a temporary expedient, and threatened a strike unless still further increases were granted. As a result of this situation, President Wilson appointed a commission which eventually allowed an increase that averaged a little more than 17 per cent for all mine employees.

This agreement of 1920 was cleverly timed to expire March 31, 1922, the same date on which the union contract with the bituminous operators expired, a stroke that Mr. Lewis characterized as "an achievement of no mean consequence."

So it came about that, in April, 1922, under his leadership, all of the anthracite miners and all of the bituminous miners over whom the United Mine Workers had control were called out for still higher wages. The fuel industry was paralyzed.

A strike in the anthracite region entails a much higher expense than that suffered by any other industry in a similar situation. When a fac-

tory is closed the machinery can be greased to prevent rust, a watchman put in charge and the door locked. Not so the deep hard coal mine.

Such a mine, even when shut down, costs about 75 cents a ton daily on its normal production, as so many men have to look after the machinery. Millions of gallons of water must be pumped out just as if the mines were operating.

After the colliery stops working, the repair gang goes in immediately, and this group alone constitutes about one-third of the men required to operate the mine. Slopes and gangways at various levels, sometimes stretching 15 to 20 miles below ground, must be patrolled; slips and convulsions repaired, broken timbers replaced, transportation lines kept intact and the ventilation system kept in order.

Idleness is expensive

A MAJOR strike in the anthracite region when it is producing 300,000 tons daily costs the companies \$225,000 a day for operating expenses without a ton of coal being mined. But the greatest loss in the post-war anthracite strikes has not been the expense of keeping up the properties, but the loss of the fuel markets to other fuels. These are the losses that today

are sending the idle miner to "boot-legging" or stealing coal and putting his family on the relief rolls.

To the young and inexperienced man, a strike is an exciting adventure. Older men do not want strikes because they know that the women and children must pay a bitter price, whatever the outcome.

The strike of 1922 lasted 160 days. It cost the mine owners about \$35,000,000, the miners more than \$100,000,000 in wages and the mining communities severe hardships that cannot be measured in dollars. It was settled by the Hammond Commission with no change in the wage scale, under an agreement that was to continue until August 31, 1923.

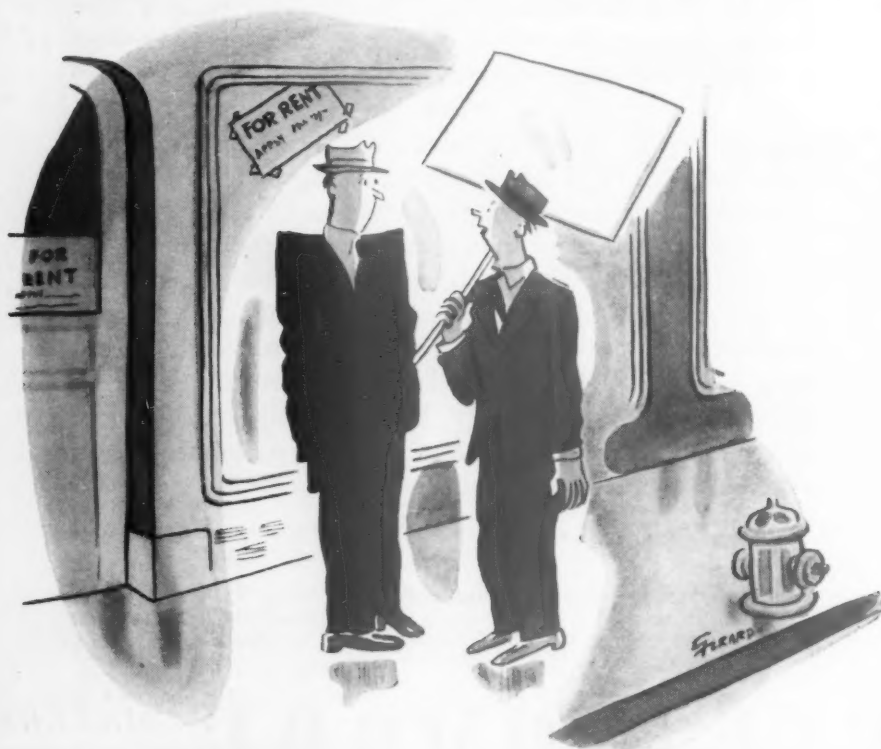
During that period I was active in the industry and I say without hesitation that the most the miners expected to get from a new agreement was a continuance of their current wage and hour scale in the face of falling wages in most other large industries. But they demanded a 20 per cent increase and other concessions when the negotiations began early in the summer, and September 1, 1923, they went out on strike.

In the meantime a most extraordinary thing had happened. Governor Pinchot, of Pennsylvania, acting as a self-appointed arbitrator, called a meeting of operators and union officials to Harrisburg and, on August 29, with Mrs. Pinchot sitting beside him, announced that the miners should have a flat increase of ten per cent. The miners were no less amazed than the operators. After some further negotiation, the new agreement was signed on that basis, to expire August 31, 1925. One feature of it recognized the eight-hour day which the operators had granted at the start of negotiations.

The great strike of 1925, however, was the blow that beat the anthracite industry to its knees. It lasted 170 days, the longest strike in the history of the industry. To make matters worse it ran over the winter months, forcing consumers to turn to substitute fuels to keep from freezing.

Remembering the long strike of but three years earlier, the public became hostile toward the industry. Thousands of customers and millions of tons were lost to other fuels for all time as a result.

The great strike cost the operators between \$65,000,000 and \$75,000,000; it cost the striking miners more than \$1,000,000 a day in lost wages. But the greatest loss—which has con-



"I'm picketing the next outfit going in here as soon as I find out who it is!"



Who is the real friend of Labor?

WHAT kind of future do these youngsters face? It is for us to determine.

They were born in a country made great by the number and quality of its jobs. Their chance to make a good living will turn upon the freedom to create new enterprises, to give scope to new ideas, to offer employment, to put more comforts and conveniences in the hands of more and more people.

What will be the source of their jobs?

Their jobs get down to the men behind the jobs—to the enterprisers, proprietors, managers, to those who dig up the money to back a business and are responsible for its solvency.

Courage is their stock in trade.

They have an idea for improving an old way or doing something in a new way. They see a market for it.

In order to put a man on the job of making things for that market they must first provide plants and tools before "demand" begins to operate.

But buying materials, setting up machines, taking on personnel is not enough. Somebody has to find customers. Purchasing agents, stores, have to be convinced before they will stock the merchandise.

The public must be told, over and over again, of the worth of the things the worker makes. No holidays in that salesmanship. Let it lag and stock backs up in the warehouses and grows old on the shelves, factory schedules shrink, wheels stop, layoffs are an unpleasant necessity.

Back of every job is a *managerial skill* that replaces the worn-out tools, persuades new money to come in, that sees to it that the cash is always there for the regular payment of wages and salaries.

Whatever balks or hinders a manager in this time-tested process comes home to the worker. What hurts the manager in his effort to bring workers and tools and customers together—by demagog and racketeer—hurts those who hope to give their youngsters a better start than they had . . . *And what helps management helps you!*



This advertisement is published by

NATION'S BUSINESS

It is the tenth of a series appearing in *The Saturday Evening Post* and other publications. The ninth is printed on page 69.

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Success—



while you are young enough to enjoy it

"I'm meeting Armstrong this afternoon at Ingleside—I last chance for a little golf before we sail for Europe on the fifteenth."

Pretty soft for Bob Carrington, you say—a lovely country home, golf on a week-day when the other boys are slaving at the office—a six weeks' trip to Europe with the family—and all this wonderful success while he is still young enough to enjoy it!

But why look with envy upon success well earned—especially when it is within your power to attain that success? "If men in business only realized how immensely valuable are those early years, and how vital it is to get away to a flying start, they would make it an inflexible rule to devote several evenings every week to home-study training."

One of America's foremost business men—an active director in several big corporations—made that statement recently; and if you have the slightest doubt of its truth, you need only check it by the actual records of LaSalle-trained men, many of whom, though still in their thirties, are commanding high salaries.

Send for Free Information

"I'm determined to succeed," you say—and we do not deny that hard work and day-to-day experience will eventually win some measure of success. If success is sweet, however, is it not doubly sweet if it comes while you are still young enough to enjoy it?

And is it not a tragic waste of years to continue at outgrown tasks, simply because you will not spare the time to master those bigger jobs that command the real rewards?

Ten Years' Promotion in One is a booklet that shows you how you can save years that would otherwise be wasted—and the coupon will bring it to you FREE.

With this book we will send you, without cost or obligation, particulars of the training that appeals to you, together with details of our easy-payment plan.

Prove that you mean what you say when you say that you want to get ahead—by what you do with this coupon NOW.

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WOODSTOCK
TYPEWRITERS

tinued for ten years and which will continue for another ten—the loss to miners and mine owners because of lost markets, makes these figures look like small change.

From this strike neither side gained anything. After 170 days the men picked up their tools under the same conditions that obtained when they laid them down. Mr. Lewis had demanded a ten per cent increase for contract miners, and sundry other raises for other work. He arbitrarily broke off negotiations at Atlantic City when the operators would not meet these demands.

A compilation of editorial comment from all over the country, hostile to the Lewis attitude, just before the strike makes a sizeable volume.

It shows that there was no mystery as to the identity of the Pied Piper who led the anthracite miners to disaster.

In 1924 the commercial production of anthracite was approximately 84,800,000 tons, according to reports from the Pennsylvania Department of Mines. The same source shows a comparative figure of 51,700,000 tons for 1936, a drop of almost 40 per cent.

In this time the New England market declined 66 per cent; the New York market, largest of the group, 37 per cent; the western market almost 83 per cent; the Canadian market, 65 per cent; and even Pennsylvania decreased its anthracite usage by almost half. Much of this tonnage was lost in markets where population and normal fuel demands were increasing.

Try to save markets

IN 1932 the mining companies made a determined effort to halt the downward curve of demand by lowering labor costs and coal prices. The agreement which ended the strike in 1926 provided that either side could reopen the wage question under stipulated conditions. Conferees representing both sides were to meet and, if in 30 days they failed to agree, all issues were to be referred to a board of two men, one named by each group.

In August, 1932, the mine owners proposed a wage scale reduction of 35 per cent on the ground that only a reduction in price could save the anthracite market. Conferees of operators and miners met, failed to agree, and in October the miners named Frank Morrison, a labor union official, to represent them. The operators named George Rublee, a lawyer and diplomat of wide experience, as their representative. The wage agreement provided that, "should the board of two fail to agree within 90 days, it may enlarge the board to an odd number, in which event a major-

ity vote shall be binding." The two arbitrators failed to agree in the specified time. In a subsequent report, Mr. Rublee wrote:

It accordingly seemed to me to be the duty of Mr. Morrison and myself, when we found that we could not agree, to enlarge the board to an odd number. Otherwise the constitution of the board would be a futile act and the purpose of the parties to the wage agreement in providing for the appointment of a board would be frustrated. Mr. Morrison, however, did not agree with me, stating in his opinion the words "may enlarge the board to an odd number" merely conferred an optional power.

There the matter was deadlocked in the spring of 1933. But, with 70 per cent of the production cost of anthracite represented by labor and with the need for lower prices pressing with increasing force, the operators continued to work for a lower rate which they believed would eventually mean a higher annual income for the miner.

A wire ends the parley

ON April 26, 1933, a committee of six operators and six officials of the United Mine Workers, including Mr. Lewis, were in Philadelphia to discuss the matter further and had already held several meetings. What the outcome would have been had their deliberations continued will never be known, because, on the afternoon of that day, a telegram from Miss Frances Perkins, newly appointed Secretary of Labor, brought the conference to a standstill. Miss Perkins' message said in part:

Due to pending legislation concerning reduced hours of operation and due to possibility of improved financial conditions bringing about a rise in prices it is my suggestion you delay conference on any change in present wage scale for 30 days. If it is your joint wish, I will be glad to have Department of Labor Division of Information and Special Studies make thorough and complete study of all problems and probable effect on wage structure involved.

There the matter was dropped and the markets have declined still further in the succeeding four years. It was just about the time of Secretary Perkins' telegram that the unemployed miners in the southern part of the anthracite region began to steal coal from the hills—euphemistically called "bootlegging"—and sell it to truckers, not only without interference from the state authorities but with considerable encouragement from them.

The ills of anthracite are several. Bootlegging is demoralizing the markets where it is being sold. Canada's excise duty of 50 cents a ton is a handicap, Soviet coal coming into New England without any tariff is tough competition. Railroad rates

have been reduced in some instances but in others are still too high. There are too many sizes of anthracite, which means added expense, and there are too many poorly equipped and poorly financed retailers.

It would be helpful if the state and municipal authorities in eastern Pennsylvania would burn anthracite in all public buildings.

These ills, however, all lumped together, do not mean half as much to the mine owner, the mine worker or the fuel buyer as the great hurdle of a wage scale that is too high for the industry to support.

The bootleg miners have told the governor, newspaper men and sundry visitors that they would like to leave their illegal livelihood, in which they make only two or three dollars a day, if they could only go back to legitimate mining. It is presumed that they mean go back at the prevailing union wage, because none has ever been quoted otherwise. But if they had continued to work at a rate something above what they earn in a bootleg hole and something below what Mr. Lewis has forced the industry to pay, there would have been no bootleg holes.

Wages buy more

IN comparing the anthracite miner's wages with other rates of pay, it should be remembered that he does not live in a high cost area. Instead he lives in towns or villages where rents are low and prices of food and clothing are well under metropolitan figures. In most instances he has room for a kitchen garden if he wants one and always has easy access to some form of farmers' market.

But, these conditions notwithstanding, his daily and hourly wage rate has been arbitrarily pushed up and his hours shortened.

So, while Governor Earle's newest Anthracite Commission draws up plans for "cooperative marketing," and Congress ponders the Guffey-Boland bill for federal control of anthracite, and John L. Lewis battles for new worlds to command in the steel and automobile industries, 50,000 or more idle hard coal miners wait in vain for the call to come back to the colliery.

But, waiting disconsolately for their relief checks to come, working illegally in hazardous and unventilated bootleg holes, or trying to accustom their calloused fingers to unfamiliar tasks, the one-time anthracite miners have one consolation:

John L. Lewis never allowed the wage rate to be cut, as happened at one time or another in nearly every other industry. Wages weren't cut, they were just stopped.



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YOUR NEEDS**

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Q. "How can KIMPAK* help us increase profits?"

A. "By protecting your merchandise so that dealers receive full benefit of its 'eye appeal'. Then they can speed up turnover which boosts *your* sales."

Q. "Just how does KIMPAK give us that advantage?"

A. "It's specially designed to absorb the shocks that damage hardwood, plastic or bright metal surfaces. Free of dirt or grit—it will not harm the finest finish."

Q. "Is KIMPAK suitable for packing everything we make?"

A. "Yes. You can adapt it to any product, from fragile toiletry containers to expensive furniture. KIMPAK comes in rolls, sheets and pads—each available in a large variety of sizes."

Q. "Will KIMPAK increase the efficiency of our shipping room?"

A. "Yes. KIMPAK is as easy to use as a piece of string—ends all muss, fuss and waste in the shipping room."

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"THE FACTOR" on request.

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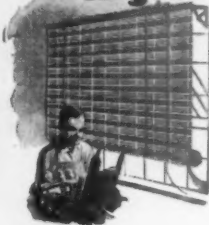
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☐ Steel Sash ☐ Wood Sash

Getting at the Labor Board's Mind

(Continued from page 17)

in the Inland Steel case now before the Board.

9. Question: Does the Board take the position that employees have a right to change their representatives after they have been designated by the Board?

Answer: Yes, they may do so, but the Board will not grant frequent elections. Each case is handled according to the prevailing conditions. Where a change is allowed, any previous agreement must be carried out.

10. Question: Can an employer who has agreed to negotiate with a union but refuses to discuss a demand for a closed shop be held to have refused to bargain collectively?

Answer: Collective bargaining implies a willingness to discuss any employee request or demand. The employer should not flatly refuse to discuss any demand. The question of whether he has refused to bargain collectively will depend in every case upon the facts and the employer's attitude.

11. Question: What kind of information, if any, may an employer give to his employees to combat misleading statements of union organizers, or to answer their questions regarding the advisability of joining a union, or to explain the meaning of the Act?

Answer: This is one of the most perplexing questions which management has faced. The Board has given no comprehensive answer though it has in various cases ruled upon specific acts. My advice is: Do not do or say anything which can be construed as interference in the employee's right to decide for himself whether he will join a union or which one he will join.

I believe the employer has the right to provide accurate information regarding the financial facts or the policies of his business to refute false statements by union organizers, but it is unwise for him to enter into any arguments with his employees about such matters. It is unsafe for him to interpret the meaning of the Act to his employees. The Board has held that an employer who posted his explanation of the Act, which the Board had not approved, violated the Act. In a small plant where the employer comes into frequent contact with his employees, it may be impossible not to answer questions put to him, but he should make it plain in every case that the employee has the right and duty to decide who shall represent him, if anyone. An intent not to in-

terfere with that right will usually guide the employer rightly.

12. Question: What types of discrimination under Section 8 (2) of the Act are prohibited, according to decision of the Board?

Answer: There are two principal classes, (1) pertaining to hiring and tenure of employment, and (2) pertaining to terms and conditions of employment.

In the first class, the following acts have been held to constitute violation:

Requiring employee to join a particular union.

Requiring employee to give up membership in outside union.

Requiring employee to sign a power of attorney authorizing company union to represent him.

Shifting union employee to undesirable working hours.

Reducing pay and assigning less desirable work.

Paying union employees less than company union employees for similar work.

Failing to give essential help in doing work assigned to union employee.

In the second class these acts have been held to be violations:

Discharging or laying off group of employees to eliminate union members included in group.

Letting out work to independent contractor to eliminate members of a labor union.

Removing plant to another city to discourage unionization and collective bargaining.

Discrimination against union members in lay-off and discharge.

Discrimination in reinstatement following lay-off, lock-out or strike.

Refusal to reinstate union strikers guilty of violence when other strikers also guilty of violence were reinstated.

13. Question: What acts of employees has the Board held as justifying discharge?

Answer: Among others, inefficiency, violation of company rules, insubordination and insolence, decrease in production and effort, organizing activity on company time and premises which interfered with discipline and efficiency.

14. Question: What is the scope of Section 8 (3)?

Answer: As decided by the Supreme Court in the Associated Press Case, the Act does not require an employer to employ anyone or to retain in his employ an incompetent person. It permits discharge for any legitimate reason, but not for union activity.

15. Question: What kind of evidence is effective in presenting an employer's case at a Labor Board hearing?

Answer: The simple truth. If the facts, when displayed, will convict you of a violation, it is better to admit

fault and effect a settlement without insisting on a Board hearing.

16. Question: What provisions should be incorporated in agreements with employees and what ones should not be included?

Answer: It is, in my opinion, best for management to establish a code of ethics for the guidance of employees covering company operating policies and to give this code to all employees. The union agreement then need not be cluttered up with a lot of details. It is better to have the union agreement include:

1. Recognition of the union.
2. Acceptance by union of Company Code of Ethics.
3. Procedure for adjustment of grievances.
4. Wage and hour provision, in an appendix.
5. Reference to no cessation of work.
6. Duration of agreement.

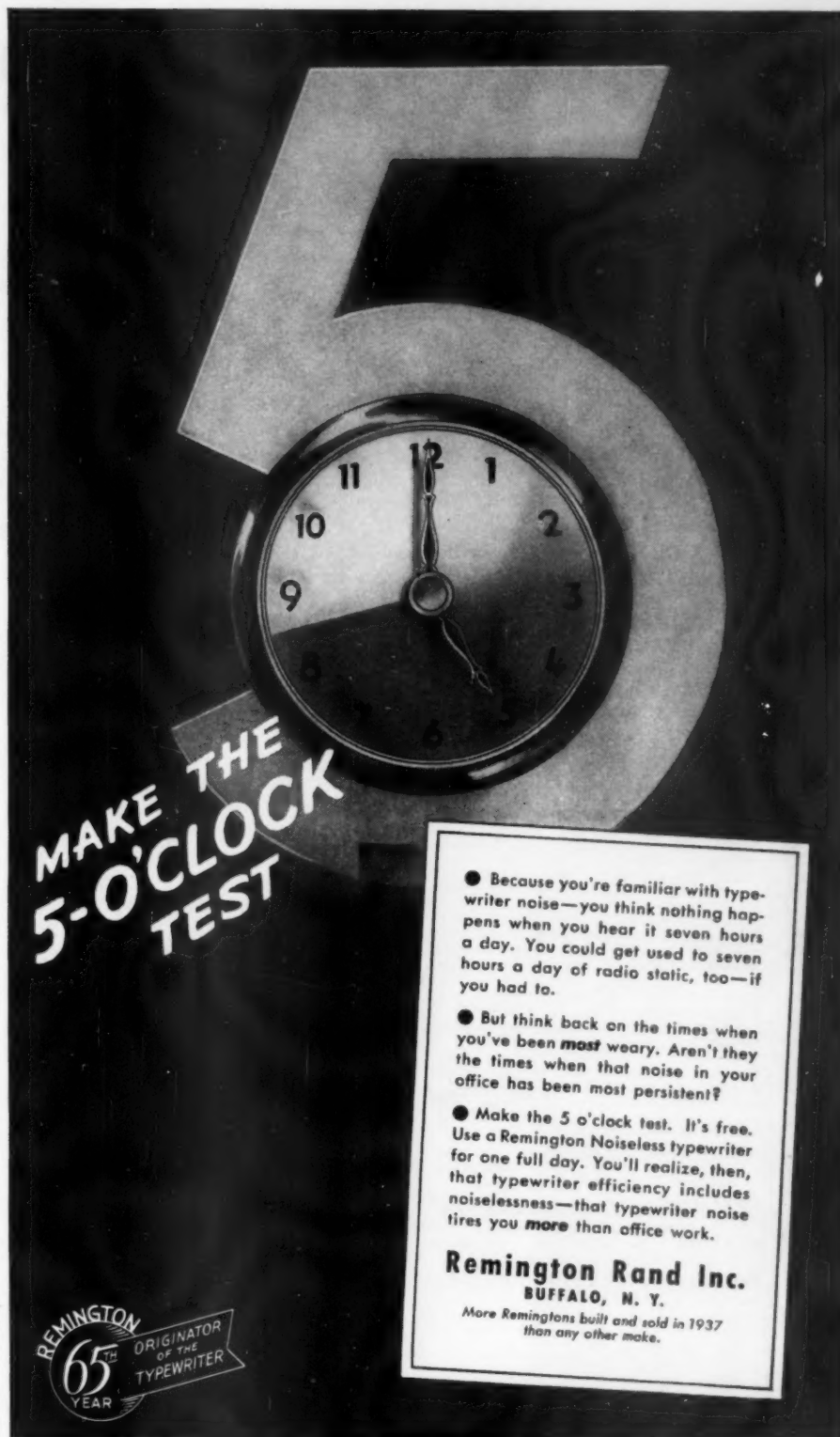
Management's right to employ, promote, demote, and discharge on a basis of fairness should not, in my opinion, be surrendered. Provisions establishing seniority in rights of promotion seem to me inadvisable. These are essential rights of management. Of course, you cannot act unfairly or arbitrarily in these matters and expect to have satisfactory labor relations.

I do not approve of a provision for collection of union dues or the check-off; under most conditions, I am opposed to a closed shop agreement. A closed shop usually involves a serious curtailment of management's rights and makes for inefficiency, although in some cases it has been satisfactory.

Some general observations

I BELIEVE that management and labor can get along satisfactorily. They *must*, if the public interest is to be preserved. Management and labor have a mutual interest which is more important than any other interest they have. Business must expand and prosper if employment is to expand and if fair wages are to be paid. An enterprise will survive only if it produces the goods or services that society needs, wants and will pay for. A sound relation between management and labor is a necessity. Strikes are costly and senseless.

I find that management, with some exceptions, recognizes the importance of intelligent employee-employer relations. Most employees are intelligent and patriotic and will not, in the long run, act in a manner contrary to their real interests. So I am hopeful that "collective cooperation" will continue to develop. Eventually, American workers are going to have the kind of labor relations which their judgment tells them is best for them—and that means best for the country.



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- Because you're familiar with typewriter noise—you think nothing happens when you hear it seven hours a day. You could get used to seven hours a day of radio static, too—if you had to.
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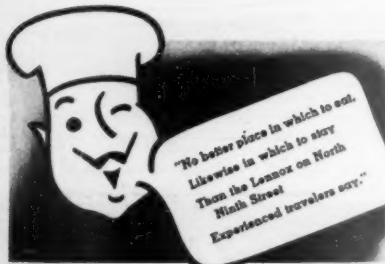
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Study Clubs for Employees

By Dr. F. B. KIRBY

Director of Education, the Abbott Laboratories

FOR four years this company has sponsored a plan of personnel training which not only helps workers but management as well

ITALL began this way. A group of 12 young fellows in our shipping room decided that creating the sales back of the shipments would be much more interesting than picking and packing. They told their story to "the front office." The sales

department sensed this as an opportunity to capture a hand-picked, carefully trained list of salesman possibilities.

Thus was born our sales class of about four years ago. There was no hurry about this as each member of the class already had a job and was not on any waiting list.

We conducted a series of lectures (or better, talks) by our department heads, not overlooking anything from purchasing to testing, research, manufacture and control, even covering (or touching) advertising, promotion, billing and credits, anatomy, common diseases, common drugs and their action. In this way we coached them fully in our products and policies, aiming at complete coverage of our business.

At times one of our salesmen or district managers demonstrated his field work problems such as approach and get-away, including the control of the interview, leading, of course, to the actual sale.

Class makes salesmen

AFTER more than a year of this, we picked some excellent salesmen who since have demonstrated the value of this class work. Of course, we tried out some only to prove both to them and us that they were not suited to outside work. We brought them back to other home office or branch positions.

The success of the sales class soon came to the attention of the employees in other departments and our class grew, adding many who had not the slightest intention of selling goods. This included many young women who wanted to know more (or at least something) about the products for which they kept records

or wrote invoices. With these additions, our sales class for months showed a voluntary weekly attendance of about 80.

These classes continued for two years, starting at the close of business, 5 p.m., and running to 6:15

p.m., sometimes later. All classes were held in one of our own buildings which probably had a lot to do with our success as it gave the class members ample time for an early dinner and a full evening for other things.

The rapid growth of our business brought together sizeable groups of employees interested in subjects such as letter writing, accounting, chemistry and pharmacy. To meet this wider range of interests, the activities of the study club were broadened and its name changed.

The club is conducted along broadly democratic lines, the effort being largely to give the club members whatever courses of instruction they desire. Right after the vacation period we send a ballot to every employee in the home office laboratories, asking him to give his first, second and third choices in winter studies. These votes, and the facility with which teachers can be obtained, determine what studies shall be attempted. For instance, the class suggested in glass blowing (so important to some of our laboratory technicians) has had to be omitted or postponed so far because we have failed to find a teacher. We also had difficulty in finding a teacher in German. We interviewed four teachers in public speaking before we finally selected an instructor to take charge of that class.

We sensed the advisability of encouraging such voluntary study work and, in the case of letter writing, the management engaged an outside expert for one evening at an expense paid for by the company.

Better English appealed to a large group and, in a course of ten lectures, we registered a record class of 110 out of about 600 (at that time) Home Office employees, with the best per-

centage of attendance of any of a wide variety of classes.

It is interesting to note that classes in our own Abbott-made products continue to prove interesting and generally draw the largest registration year by year.

To sense the large variety of subjects of interest, consider one year in which we had classes in advanced organic chemistry, elementary chemistry, better English, Abbott products, brush-up stenography and pharmacy.

We have had requests for classes in glass blowing, art and other subjects which, because of lack of time, inability to find teachers or too few applicants, have not yet been organized.

Many courses are free

MANY of these classes are conducted without cost to the member. In other cases, for which a teacher charge is necessary, we appoint a treasurer who keeps attendance records and collects the fees.

With the addition of new subjects we long since outgrew the sales class definition and so we changed our title to "The Abbott Study Club."

Each semester the interested employees elect a president, vice president and other officers. There are two semesters, October to December and January to April.

This president consults with A. D. Brush, who conducted the original sales class, and with me as Director of Education.

At the close of each semester's work, the president retires to join the Board of Directors of the Study Club, comprising the past presidents and two men just mentioned. The new president, elected from those who have shown unusual interest, promise and activity in class work, calls this Board together to plan for his semester's work. Of course all Board decisions are referred to the President of the Company, S. DeWitt Clough, before final action.

We have two or three Study Club dinners each year with outside or home talent speakers, music, motion pictures and other features. These dinners are always oversold as the capacity limit in our own cafeteria is 125.

In some years we have had as many as 225 club members.

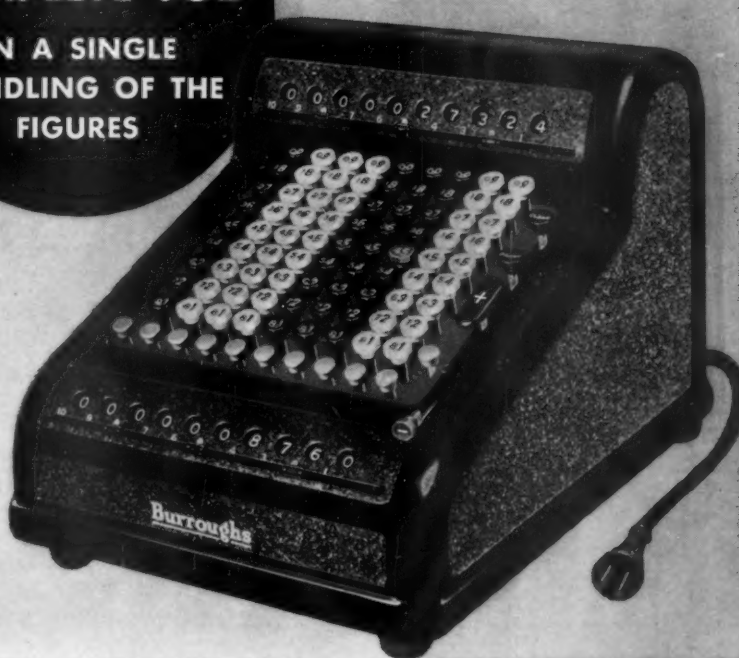
For several years we have also had a Science Club for the benefit of those engaged in research and other scientific activities. The programs have consisted of talks by invited outside speakers and by members of our own research staff.

Approximately six meetings have been held each year.

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